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INDEX AND SUMMARY OF H. R. 12653

June 7, 1962	LEGISLATIVE HISTORY Public Law 87-798 H. R. 12653
July 18, 1962	Rep. Johnson, Wis., introduced H. R. 12653 and referred to the House Agriculture Committee. Print of bill as introduced.
Aug. 17, 1962	House subcommittee voted to report H. R. 12653.
Sept. 12, 1962	House committee voted to report H. R. 12653.
Sept. 15, 1962	House committee reported H. R. 12653 with amendment. H. Report No. 2373. Print of bill and report.
Sept. 17, 1962	House began debate on H. R. 12653.
Sept. 18, 1962	House passed H. R. 12653 as reported.
Sept. 19, 1962	H. R. 12653 was referred to the House Agriculture and Forestry Committee. Print of bill.
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Oct. 1, 1962	Senate committee reported S. R. 12653 without amendment. S. Report No. 2782. There is bill and report.
Oct. 2, 1962	Senate passed H. R. 12653 without amendment.
Oct. 11, 1962	Approved: Public Law 87-798.

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LEGISLATIVE HISTORY

H. R. 15623
Public Law 87-798

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INDEX AND SUMMARY OF H. R. 12653

DIVISION OF FISH AND WILDLIFE SERVICE, UNITED STATES DEPARTMENT OF THE INTERIOR
FEDERAL BUREAU OF INVESTIGATION, WASHINGTON, D. C. 20535

June 7, 1962 Sen. Humphrey introduced S. 3387 which was referred to the Senate Agriculture and Forestry Committee. Print of bill as introduced.

July 23, 1962 Rep. Johnson, Wis., introduced H. R. 12653 which was referred to the House Agriculture Committee. Print of bill as introduced.

Aug. 27, 1962 House subcommittee voted to report H. R. 12653.

Sept. 12, 1962 House committee voted to report H. R. 12653.

Sept. 15, 1962 House committee reported H. R. 12653 with an amendment. H. Report No. 2378. Print of bill and report.

Sept. 17, 1962 House began debate on H. R. 12653.

Sept. 18, 1962 House passed H. R. 12653 as reported.

Sept. 19, 1962 H. R. 12653 was referred to the Senate Agriculture and Forestry Committee. Print of bill as referred.

Oct. 1, 1962 Senate committee reported H. R. 12653 without an amendment. S. Report No. 2220. Print of bill and report.

Oct. 2, 1962 Senate passed H. R. 12653 without amendment.

Oct. 11, 1962 Approved: Public Law 87-798.

INDEX AND SUMMARY OF H. R. 12653

June	7, 1962	Sen. Humphrey introduced S. 3387 which was referred to the Senate Agriculture and Forestry Committee. Print of bill as introduced.
July	23, 1962	Rep. Johnson, Wis., introduced H. R. 12653 which was referred to the House Agriculture Committee. Print of bill as introduced.
Aug.	27, 1962	House subcommittee voted to report H. R. 12653.
Sept.	12, 1962	House committee voted to report H. R. 12653.
Sept.	12, 1962	House committee reported H. R. 12653 with an amendment. H. Report No. 2378. Print of bill and report.
Sept.	17, 1962	House began debate on H. R. 12653.
Sept.	18, 1962	House passed H. R. 12653 as reported.
Sept.	19, 1962	H. R. 12653 was referred to the Senate Agriculture and Forestry Committee. Print of bill as referred.
Oct.	1, 1962	Senate committee reported H. R. 12653 without an amendment. S. Report No. 2220. Print of bill and report.
Oct.	2, 1962	Senate passed H. R. 12653 without amendment.
Oct.	11, 1962	Approved: Public Law 87-798.

INCREASE IN FARM LOAN INSURED AUTHORITY. Amends the Consolidated Farmers Home Administration Act of 1961 so as to increase from \$150,000,000 to \$200,000,000 the limitation on the amount of loans which may be insured under subtitle A for farm ownership loans, soil and water conservation loans, and loans to public bodies and nonprofit associations for the development and use of water and soil conservation practices and drainage to serve farmers, ranchers, and other rural residents.

INCREASE LOAN LIMITATIONS FARMERS HOME ADMINISTRATION

HEARING
BEFORE THE
SUBCOMMITTEE ON CONSERVATION AND CREDIT
OF THE
COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES
EIGHTY-SEVENTH CONGRESS
SECOND SESSION
ON
H.R. 12653
AUGUST 27, 1962

Printed for the use of the Committee on Agriculture

Serial 00



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TO INCREASE THE LIMITATION ON THE AMOUNT OF LOANS WHICH MAY BE INSURED BY FARMERS HOME ADMINISTRATION

MONDAY, AUGUST 27, 1962

HOUSE OF REPRESENTATIVES,
CONSERVATION AND CREDIT SUBCOMMITTEE
OF THE COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met at 10 a.m., in room 1310, New House Office Building, Hon. W. R. Poage (chairman of the subcommittee) presiding.

Present: Representatives Poage, Gathings, Johnson of Wisconsin, Stubblefield, McIntire, Short, and Harvey.

Also present: Representative Rogers of Texas, and Peggy Lamm, staff assistant.

John A. Baker, Assistant Secretary of Agriculture, Howard Bertsch, Administrator, and Bernard Polk, Assistant Administrator, Farmers Home Administration, and Howard Campbell, General Counsel's Office, U.S. Department of Agriculture.

Mr. POAGE. The hearing will please come to order.

Before we take up the business of this committee I would like to welcome the new Assistant Secretary of Agriculture. We are all very proud of Mr. Baker. I appreciate your presence and we are delighted to see the responsibility which has been placed on you.

Mr. BAKER. Thank you, Mr. Chairman. As you well know, for many years I have appeared in this committee room. This is one of my favorite committees of Congress and this subcommittee is one of my favorite subcommittees.

I appreciate the remarks you made and welcome the opportunity, at all times, to appear before this subcommittee because it is composed of dedicated and exceptionally qualified group of men to pass on the matters which come before you.

Mr. POAGE. We are delighted to have you.

Now we shall take up H.R. 12653 by our colleague, a member of this subcommittee, Mr. Johnson of Wisconsin.

(H.R. 12653 follows:)

[H.R. 12653, 87th Cong., 2d sess.]

A BILL To amend the Consolidated Farmers Home Administration Act of 1961 in order to increase the limitation on the amount of loans which may be insured under subtitle A of such Act

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 308 of the Consolidated Farmers Home Administration Act of 1961 is amended by striking out the figure "\$150,000,000" and inserting in lieu thereof the figure "\$300,000,000".

Mr. POAGE. I ask Mr. Johnson at this time to discuss his bill.

STATEMENT OF HON. LESTER R. JOHNSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WISCONSIN

Mr. JOHNSON of Wisconsin. I want to thank you for holding early hearings on H.R. 12653, a bill which I introduced in the House on July 23 to increase the effectiveness of the Farmers Home Administration's insured loan program. Under the provisions of the proposed legislation, the Consolidated Farmers Home Administration Act of 1961 would be amended in order to raise the amount of loans which may be insured by FHA each year from \$150 to \$300 million.

During the past fiscal year, which ended June 30, the demand for these FHA loans was so great that the \$150 million annual insurance authorization was exhausted by May 11. Because of the large number of applications on hand and the increasing demand for this type of credit, FHA officials estimate that the present limit on the fiscal 1963 program will be reached by December 31—6 months before the close of the fiscal year.

In my home State of Wisconsin, nearly 600 applications for initial FHA farm ownership loans were on hand at the end of June. In the 12-month period preceding July 1, about 1,500 of these loans were made to Wisconsin farm families.

Mr. Chairman, for the past few months, insured loans were made in the Nation as a whole at the rate of \$25 million a month, which would add up to \$300 million a year. The latter figure is the one that my bill would set as the annual ceiling for the program.

As you know, the FHA insured loan program is a cooperative program with private investors and does not require appropriations from the U.S. Treasury. Private investors provide funds to help eligible farmers enlarge, develop, and buy family farms, to refinance debts and to develop community water systems. Just before I took the plane to come out here I saw a modern improved dairy barn which had just been completed. The man who was running the farm had been operating with a log barn for years, one which his father built. He didn't have the money. FHA financed the building of this barn. The loans are made and serviced by the Farmers Home Administration, which collects the principal and interest payments when due and forwards the receipts to the lenders after retaining one-half of 1 percent for insurance. Lenders agree to hold the notes for at least 3 years. If borrowers default, the Government agrees to make the payments.

Insured loans are made only when a farmer is unable to obtain the credit he needs from other sources. Banks, pension funds, insurance companies, and trust funds are the principal investors. The loans return 4.5 percent interest to the lender.

Mr. Chairman, since the FHA insured loan program was started in 1947, \$15,652,259 has been invested in Wisconsin alone. For the Nation as a whole, the figure stands at approximately \$390 million. Repayments of principal have totaled more than \$100 million. Losses have amounted to less than one-tenth of 1 percent, which certainly is a small loss for a loan program.

I noticed our FHA people back in my area were sitting around their offices with nothing to do. There was a lot of criticism about the expense in the office because the office expense was about the same whether they are making loans or just sitting there telling farmers

they have no money. I think that is an important thing. If we are going to have those people out in the various counties they should have something to do and we should provide them money with which to operate.

Several factors contributed to the rapid increase in the volume of farm ownership loans during fiscal 1962. The Agricultural Act of 1961 broadened the scope of the farm ownership program to enable FHA to make loans to acquire and enlarge the full range of family farms. Previously, FHA was limited to making such loans on a rather narrow segment of family farms. In addition, insured loans can now be made for 100 percent rather than 90 percent of the normal value of the farm.

The act also improved the insured loan program by making it more attractive to investors. They now may receive $4\frac{1}{2}$ percent interest on their investment rather than 4 percent and can sell the insured notes back to the Federal Government after 3 years rather than 5 years.

Mr. Chairman, the trend toward larger farms has naturally increased the demand for farm enlargement loans. As the rural areas development program gains momentum, an even larger number of small farmers will be encouraged to take advantage of this method of rounding out their farms.

The increasing use of credit in purchasing farmland also contributes to the demand for FHA loans. More than 80 percent of all land purchases during the year ending March 1 involved the use of credit, which is a record high. As recently as 1946, less than half of farmland transfers were credit financed.

The growing percentage of farmland transfers financed with the use of an installment sales contract has influenced the rise in FHA real estate loans. In 1946, only 11 percent of all transfers were made by contract. This year, about 30 percent of all transfers are being made with this financing device. Many of these contracts contain terms that cannot be met by the farmer and result in his applying to the Farmers Home Administration for refinancing.

Last but not least, it is my opinion that farmers are aware that the present Administration is more responsive to their needs and, this has prompted many to seek credit assistance.

Mr. Chairman, the funds for investment under the FHA-insured loan program are available. One of the most progressive of our labor unions has offered to invest \$10 million in these loans over a 4-year period. The funds of this organization, as well as those of the banks and other lenders which are investing in insured farm loans, will be diverted to other markets unless prompt action is taken.

Obviously, the FHA insured loan program has many merits. Farmers who receive the loans are able to strengthen their operations. Rural communities in which the loans are made are fortified not only by the improvements financed by the loans, but also with the increased trade that is brought about by the expenditure of loan funds. In addition, the use of insured loan funds rather than appropriated funds lessens the strain on the U.S. Treasury.

This month, the House Agriculture Committee has been hearing testimony on the Committee for Economic Development's "Adaptive Program for Agriculture," which proposes to dispose of the farm problem over a 5-year period by moving 2 million farmers off the

land and into the cities—already plagued by unemployment. Rather than adding 2 million displaced farmers to the ranks of the unemployed, I feel a much more humanitarian and practical solution would be the enactment of various types of farm legislation to help farmers to stay in rural communities. H.R. 12653 certainly falls into this category.

The need is apparent. Thousands of family-type farmers will be deprived of the credit they need to continue and strengthen their operations unless prompt action is taken in this area. If action to raise the ceiling on the FHA insured loan program is delayed until the next Congress meets, there will be several months when credit of this type is not available to our farmers. This period will occur at a time of the year when the funds are most needed.

As a member of this subcommittee, I have always found it to be responsive to the legitimate credit needs of the family-type farmer. I urge that favorable action be taken as soon as possible on H.R. 12653 so it may come before the House before the adjournment of this Congress.

Thank you.

Mr. POAGE. Thank you very much, Mr. Johnson. I am a little vague as to how this system works. You point out that the private investors put up these funds and the Government services the loans through the FHA and obtains one-half of 1 percent insurance payment. You say in the next sentence that if borrowers default the Government agrees to make the payments.

In many of our loan programs we establish an insurance fund and the payment is made from the insurance fund. Is there not a separate fund here for that purpose?

Mr. CAMPBELL. The subcommittee may rule, under the Bankhead-Jones Farm Tenant Act, as amended in 1946, Congress created a farm tenant mortgage insurance fund and authorized the appropriation of \$25 million to that fund. Actually, the Congress was called on to appropriate about \$1 million to start capitalizing that fund.

One-half of 1 percent on all loans insured under the Bankhead-Jones Farm Tenant Act and subsequently under the consolidated act of 1961 having to increase that fund for insurance purposes.

As the Congressman pointed out, our losses have been minimal so that the fund has been increased and now stands as a guarantee fund for the purpose of paying any defaults.

Mr. JOHNSON of Wisconsin. If a loan is bad the fund buys up the loan. Is that correct?

Mr. CAMPBELL. That is correct.

Mr. JOHNSON of Wisconsin. Then do they collect it and put the money back into the fund?

Mr. CAMPBELL. If there is a single default the fund will make the annual installment payment. If the loan really goes "sour" then the fund buys the loan back in and pays the full face. It then tries to get the loan back on a sound basis and sells it back out, either on an insured or direct basis.

Mr. POAGE. The point I am trying to make is that there is a separate fund and payments are not made out of the Treasury of the United States. The statement was to the effect that the Government made these payments. The Government makes payment only as the operating agency of the fund. Is that correct?

Mr. CAMPBELL. That is correct, Mr. Chairman.

Mr. POAGE. And so far the fund has always had adequate means of making the payments?

Mr. CAMPBELL. All the defaulted payments have been made without going to the Treasury for additional money.

Mr. POAGE. That is right. According to the figures, as I understand them, you are taking in about five times as much money as you are paying out in that fund. Is that right?

Mr. CAMPBELL. That is about right.

Mr. POAGE. Losses are about one-tenth of 1 percent. The income obviously is five-tenths of 1 percent. That means you are taking in five times as much as you take out of the fund. It would, therefore, seem to be quite sound.

Do you know how much money there is in the fund now?

Mr. JOHNSON of Wisconsin. These gentlemen here will testify, Mr. Chairman. I am sure they have the figures.

Mr. BERTSCH. Nearly \$8 million in the fund now. It was initially capitalized with \$1 million. The earnings of the fund from that one-half of 1 percent have been \$12 million-plus.

Mr. POAGE. You spent about \$4 million.

Mr. BERTSCH. Payments made out of the fund have been around \$4 million. The reserve in the fund at the present time is \$7,884,000.

Mr. POAGE. In other words, up until the present time the ratio has been about 3-to-1 income as related to payments, but at the moment, with one-tenth of 1 percent loss you are running 5 to 1.

Mr. BERTSCH. The payments made are not limited to loans that have failed. They are made to meet an annual installment which is not made by the farmer when it is due.

Mr. POAGE. You may correct all of that?

Mr. BERTSCH. That is right.

Mr. POAGE. Questions?

Mr. GATHINGS. I would like to say that Mr. Johnson has done a splendid job on his statement this morning.

There is one thing on page 1 I would like to call to the attention of Mr. Johnson which might differ from the situation in Wisconsin as compared to Arkansas. Our county managers are pretty busy with a lot to do. There are various other types of FHA programs, such as water facilities, crop production, and so on. They have a heavy workload.

Mr. JOHNSON of Wisconsin. I imagine you have more crop loans than we have in Wisconsin, such as cotton, putting in crops, and so on.

Mr. GATHINGS. They are checking up on the condition of the crops, and also in providing funds throughout the season.

Mr. POAGE. Other questions?

Mr. HARVEY. I am sorry that I was a bit late getting in. I apologize to you, Mr. Johnson, for not being here for your full presentation.

Does the \$150 million represent the high ceiling which has been in effect?

Mr. JOHNSON of Wisconsin. That is the most they can borrow in any 1 year from private individuals under the present law. My bill proposes to raise it to \$300 million.

Mr. HARVEY. Apparently the reason you advocate this legislation is that you feel the present amount has not been adequate to meet the need?

Mr. JOHNSON of Wisconsin. It has not been adequate. They have been running out of funds from 3 to 6 months before the end of the year.

Mr. POAGE. In the statement it is pointed out that during the past fiscal year the demand for FHA loans was so great that \$150 million annual insurance authorization was exhausted by May 11 because of the large number of applications on hand and the increasing demand for this type of credit.

Mr. HARVEY. I wondered whether the fact they ran out of money in Wisconsin, for example, in the month of May necessarily indicated that they had only half as much money as they should have had?

Mr. JOHNSON of Wisconsin. I know they are making good sound loans in Wisconsin. I think the Department is more qualified to tell about what is going on in the various States than I am.

Mr. POAGE. May I again interpose—in the statement Mr. Johnson says in the past few months insured loans were made in the Nation as a whole at the rate of \$25 million a month, which would add up to \$300 million a year. The latter figure is the one which his bill would set as the annual ceiling on the program.

In other words, this would authorize a program for 12 months at the rate we have been making loans in recent months.

Mr. HARVEY. The thing I had in mind was that there might possibly be a tendency to have more loans in the spring months so that demands in the first 6 months of a given year, a calendar year, would be greater than later on. There might not be a demand for twice as many loans, thinking in terms of a half year as compared to the full calendar year.

I ask that merely as a question to get information. I used to do Production Credit and inspection work myself. I know that our requests for loans ran very heavy in the spring and they then tapered off in the summer and were not so heavy during the balance of the year.

Mr. JOHNSON of Wisconsin. I would rather let the Department testify on this. I don't think if we have a limit of \$300 million that the Department of Agriculture will change their policy on the types of loans they make. Say they needed only \$250 million. I would think that is all the paper they would buy and they would have a leeway of \$50 million. There is nothing wrong with giving them the authority.

Mr. HARVEY. I hadn't in mind the thought you seemed to think I had—that increasing this would cause poor loans. That is not the idea I had in mind at all.

Mr. JOHNSON of Wisconsin. No; of course, here we are using free enterprise, which we are all for, and giving private individuals who have money they want to lend a chance to lend it out and still have it guaranteed.

Mr. HARVEY. I do recall that in some areas of the country farm credit, through commercial institutions, is not very easily available.

Mr. JOHNSON of Wisconsin. In my area the man who used to be in charge of my home county is now in charge of another county. He works through the local banks. If a farmer comes in and he can handle a loan through the bank, he doesn't make the loan through the Farm Home Administration but through the local bank. He refers them to the bank.

Mr. HARVEY. That is proper. I think that is the way it ought to be. That is all, Mr. Chairman. Thank you.

Mr. McINTIRE. I have no questions.

Mr. STUBBLEFIELD. Does this include home loans?

Mr. JOHNSON of Wisconsin. It does not.

Mr. POAGE. Thank you, Mr. Johnson.

Before I call the Department witnesses, we have with us our distinguished colleague, Congressman Rogers of Texas, who would like to be heard at this time.

**STATEMENT OF HON. WALTER ROGERS, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF TEXAS**

Mr. ROGERS. Thank you, Mr. Chairman. I shall be very brief. I haven't a prepared statement but I did not want to miss the opportunity of appearing at this hearing in support of what I consider to be some very important and very needy legislation.

As the gentleman in the chair knows, out in my country there are two things a farmer needs—one is rain and the other is credit. When he runs out of either he is in bad shape.

They are experiencing great difficulty out there at the present time in getting sufficient credit, I think probably because of the suspended animation in which the farm program seems to be.

The bankers are a little bit leery about what to do, and no one seems to know where to go.

I think that unless we do take some steps in this Congress to insure some adequate credit for these farmers that the prophecies of this group which would move all these farmers into town will come true. The trouble is that those people do get together and make their prognostications about moving people to town and then they stop. They seem to think that settles it. It doesn't settle it at all, but creates a much greater problem.

If the committee can see fit to amend it, additional funds should be included. I think there is a great need for those additional funds. They run out almost before they get the money. It is all earmarked. People in my section of the country are very much disturbed about the inability to obtain loans to build farm housing as well as the other credit which they need.

I would hope that the committee—and I know it will because it understands these farm problems much better than others in the Congress—I would hope they would move very quickly to alleviate this one area of distress.

Thank you, Mr. Chairman.

Mr. POAGE. Thank you, Mr. Rogers. We appreciate your appearance.

This committee does not have jurisdiction over the Housing Act. Farm housing is authorized under an act of another committee.

Mr. ROGERS. I would advocate you take jurisdiction.

Mr. POAGE. This is actually part of the Housing Act.

Mr. JOHNSON of Wisconsin. I suggest the witness introduce the legislation and we shall back it.

Mr. McINTIRE. I might observe, Mr. Rogers, that when this subcommittee, as well as the full committee, was giving very careful consideration over a number of months to the consolidated Farm Home Administration Act, there was a time when we did have a housing provision in that act. This was not the way the act wound up.

Mr. ROGERS. I was confused about that because I remember what the gentleman from Maine is speaking about. I assumed really that it was under your jurisdiction.

The housing situation is so confused at the present time I find it difficult to keep up with it in the cities.

Mr. POAGE. Further questions?

Mr. JOHNSON of Wisconsin. I would just like to thank the gentleman from Texas, Mr. Rogers, for supporting this legislation. I appreciate his support.

Mr. ROGERS. I thank the gentleman from Wisconsin for introducing this legislation.

Mr. POAGE. Thank you, Mr. Rogers. It is always nice to have you before us.

It might now be appropriate to hear from the Department.

STATEMENT OF JOHN A. BAKER, ASSISTANT SECRETARY, DEPARTMENT OF AGRICULTURE, ACCOMPANIED BY HOWARD BERTSCH, ADMINISTRATOR, FARMERS HOME ADMINISTRATION; BERNARD POLK, ASSISTANT ADMINISTRATOR, FARMERS HOME ADMINISTRATION; AND HOWARD CAMPBELL, GENERAL COUNSEL'S OFFICE

Mr. BAKER. I have with me Mr. Howard Bertsch, the Administrator of the Farmers Home Administration; Mr. Polk, Assistant Administrator; and Mr. Howard Campbell, of the General Counsel's Office.

I would like to ask them to come to the witness stand.

Mr. POAGE. Proceed, Mr. Baker.

Mr. BAKER. Mr. Chairman, as I said earlier, it is always a privilege and a pleasure to appear before this full committee and before this subcommittee.

We do not have any prepared statements this morning, Mr. Chairman. I shall make a brief general statement in terms of the policy of the executive branch with respect to this proposed legislation, and ask Mr. Bertsch to supplement that with some additional comments from his standpoint, and then we shall be ready for any questions that the committee might care to ask.

I would like first to express our deep appreciation to Congressman Johnson for the fine statement he made at the beginning of the hearing this morning. Congressman Johnson has as have other members of this subcommittee, always taken a continuous and intelligent interest in farm credit and in the program of the Farmers Home Administration. This agency and the programs it administers have had a long and interesting history with this committee which originated the original legislation in 1937 and have been the architects of the various improvements made in the legislation since that time.

In terms of whether the Farmers Home Administration people have been busy or not, it might be interesting just to point out for the record

that the total volume of loans processed and extended by the Farmers Home Administration doubled between fiscal year 1960 and fiscal year 1962, with practically no increase either in the administrative budget item or in personnel.

Mr. JOHNSON of Wisconsin. The statement I made is true, isn't it, that in the past they have been telling people why they couldn't make loans? Is that correct?

Mr. BAKER. I would imagine that might be true in some places and not in others. The record has indicated they doubled the volume of credit services they made available.

Mr. JOHNSON of Wisconsin. Several years ago a newspaperman called me regarding a certain office in my district. He told me about the total amount of loans they were making. He even wanted to write a story on it, citing the cost of the office and the employees in it. With the loans they were making it didn't look like very good business.

Mr. BAKER. Mr. Chairman, I have no great disagreement to find with Congressman Rogers' statement or that of Congressman Johnson.

In terms of the farm people, in terms of the business people and other residents of rural America, and in terms of the analyses we have made of this situation in the Department of Agriculture, all the observations I have would indicate the statements made by the previous witnesses are accurate.

As part of the program to establish a firm foundation for permanent prosperity in rural America, this farm ownership loan program has a very essential and important part.

Having said that, Mr. Chairman, and recognizing the obvious benefits of the program from the standpoint of the farmer, and from the standpoint of the agricultural and rural segment of the economy, and from the standpoint of the Department of Agriculture, other executive branch agencies of the Federal Government do have some additional problems in this connection, the aspects of which have not been fully weighed with respect to obvious benefits with regard to the rural areas and the Department's total program. These are certain fiscal and credit policy problems which the program gives rise to, and as of this time the administration has no specific recommendation respecting the legislation.

With your permission I would like to indicate the general nature of some of the nonagricultural and nonrural problems, and then I shall ask Mr. Bertsch to further elaborate on the obvious advantage of the proposed legislation from the farmers' standpoint.

In the broader context, there are several respects in which even the existing legislation causes a serious concern to the executive branch. This concern would be magnified by an increase in loan guarantee authorization from \$150 million annually to \$300 million annually.

Because of the 3-year repurchase provision, loans made under this program become with the passage of time demand obligations which may be presented for payment to Farmers Home Administration at any time after the 3 years. The 3-year repurchase, in fact, is more than a guarantee against loans from default. The provision also gives the holder of one of these mortgages the option to redeem the investment whenever he wishes. This is after the 3 years.

Mr. GATHINGS. If I may interrupt—what percentage of these lenders take advantage of that provision?

Mr. BAKER. It is very small, Congressman Gathings. Our experience has indicated that shifting the interest rate upward has not resulted in many of the guaranteed note holders immediately rushing in and saying they wanted to cash it in so they could put their money in some other investment at a higher interest.

Mr. JOHNSON of Wisconsin. It would seem by raising the interest rate there would be less people asking to have their money than under the 4-percent loan. They would be better satisfied with the interest rate they are getting.

Did you notice any difference?

Mr. BAKER. This is true. On the other hand, the contingency is always there. If the regular market interest rate should go to 10 percent, we shall say, there might be a tendency on the part of the holders of these mortgages to want to turn them in and avail themselves of 10-percent interest rate elsewhere in the economy.

The Farmers Home Administration experience so far in its administration of the existing programs has, however, been able to avoid larger purchases. Partly this is because the creditors who have been interested in insured loan programs have been local banks, local financial institutions, and individuals, and other types of organizations, such as pension funds, who in addition to making a good investment have also been interested in furthering the farm ownership-tenant purchase type program of the social aspects of it, trying to develop rural America.

The Federal obligation, however, still remains, and the higher the ceiling and the larger the program the greater the Federal obligation or potential.

This means if the interest rate should rise, making other investments more attractive than the continuing holding of farm ownership mortgages, there could be a large redemption demand on the Farmers Home Administration, stemming not from default but from desire of lenders to maximize the interest return on their investment.

The result could be large and uncontrolled budget expenditures and the necessity for cash financing, perhaps at a time when the U.S. debt limit was restricted and the money market not favorable.

This potential redemption demand is already large, amounting to \$344 million, and with the increased authorization it would begin in 3 years to rise faster than the annual rate of nearly the whole increase in the authorization, and by 1970, we shall say, if we assume that the program continues to be active, it could reach the amount of \$1.8 billion, if there were no repayments or no replacing of the insured notes in the intervening 8 years.

That completes the overall statement, Mr. Chairman.

We regret we do not have a position either for or against this legislation but it seemed proper to respond to your request to come to your hearing and present the pros and cons of the proposal.

This I have done in general, and if I may, Mr. Chairman, I would like to ask Mr. Bertsch to enlarge a little bit on the cons of the situation from the standpoint of the Department of Agriculture and the rural areas generally.

Mr. POAGE. Proceed, Mr. Bertsch.

Mr. BERTSCH. Thank you, Mr. Chairman, and thank you, Mr. Secretary. I, too, am here without a prepared statement, sir. Mr. Polk, Mr. Campbell and I are at the disposal of this committee, as we hope we shall always be to respond to any questions members of the committee may have.

I should point out that the insured loan program makes available to farmers a supplemental source of credit. It does not supplant any established conventional lending institutions.

This credit is made available for the purchase and development of family sized farms.

The program also helps finance needed water development, and this is a point we should underline here. This has given rise to much of the demand for increasing the insurance authority which we have. We also insure now the loans for water associations, water distribution associations, which have become increasingly popular as our water resources tend to diminish.

Under the insured loan program, as Congressman Johnson has adequately pointed out, private lenders provide the funds, but the Farmers Home Administration guarantees repayment of principal and interest. The Farmers Home Administration also services these loans.

The benefits of the program seem to me to be obvious. They accrue to many different groups—the Nation's agriculture is strengthened through the further development of adequate family type farms, with the necessary capital to compete in this modern business of farming. Businesses servicing farmers benefit through increased sales and more dependable customers.

Bankers and other private credit interests have available a completely safe investment opportunity at a return high enough to be attractive.

Of considerable interest and importance, the insured loan program is being operated at little cost to the U.S. Treasury, and therefore at little cost to the U.S. taxpayer.

Under the Government's current agreement with the individual private lender, this private lender has the following options after holding the insured notes for a fixed period of 3 years:

First, he can sell the note back to the Government at the end of 3 years.

Second, he can enter into another fixed period during which he cannot redeem the note. The note does not become, as some people assume, a demand obligation on the Government. He either sells it back to the Government at the end of 3 years or he enters into another agreement to hold it for another fixed period.

Mr. McINTIRE. Mr. Bertsch, but the option as to whether he does enter into an agreement for another 3 years is with the lender.

Mr. BERTSCH. Not wholly with the lender. He has a period of time in which he either expresses a willingness to hold it for another fixed period or automatically he is required to hold it to maturity.

Mr. McINTIRE. Is the institution which makes this agreement and advances the fund under agreement to hold this loan in portfolio for 3 years?

Mr. BERTSCH. That is correct.

Mr. McINTIRE. Then what other rights do they have?

Mr. BERTSCH. They are also under an agreement to reach agreement with the Farmers Home Administration within a period of time, let us say within a year, this is our current regulation, during which they express either their desire to sell the note to the Government or their willingness to enter into a further fixed period for holding the note, which is a period agreed upon between the investor and the Farmers Home Administration.

At the present time we are asking for another 3-year period.

If they don't exercise that option during this year then automatically they are required to hold the paper to maturity.

Mr. McINTIRE. In other words, they have to exercise that option or have no alternative but hold the note to maturity.

Mr. BERTSCH. That is right.

Mr. McINTIRE. But exercising this option is in effect giving them the right of demand, is it not?

Mr. BERTSCH. The right of demand within this limited period. They can demand their payments, they can enter into another fixed period for holding the note, or if they fail to do either of these two they automatically hold the note to maturity.

Mr. McINTIRE. For how many years?

Mr. BERTSCH. Forty years. The third alternative, of course, is to hold the note until maturity or until payment in full by the borrower.

If the note holder decides to sell the notes back to the Government they are purchased, using earnings of the agricultural credit insurance fund to the extent that those earnings are sufficient, or by borrowing from the U.S. Treasury in the event that the resources of the mortgage insurance fund, or the agriculture credit insurance fund are not adequate.

Mr. JOHNSON of Wisconsin. In the past how many times have you had to go to the Treasury to pay up the fund?

Mr. BERTSCH. The most we have owed the Treasury at any time in connection with this operation is \$32.5 million.

On June 30, 1962, we owed the Treasury \$22,875,000.

The average amount borrowed each fiscal year for the 15 years this program has been in effect has been \$8,480,000. This is to service total amount of loans insured amounting to \$460 million approximately.

We believe that with this management control we have in the fund and with this capacity to negotiate with other lenders for the purchase of the paper, if we take the paper into the fund we have found up to now we can immediately sell it out of the fund to other lenders interested in making this kind of an investment.

We believe this contingency liability is more academic than real, although we do recognize that the contingent liability does exist and must exist.

The overwhelming majority of the insured notes bought by private lenders remain in their hands. The few notes that are sold to the fund we have found we can readily resell to other interested investors. We have resold them during the past 15 years at no net cost to the Treasury.

Mr. POAGE. I do not quite understand that, Mr. Bertsch. You say you are ready to resell. You say you have resold. If so how do you still owe the Treasury \$22 million?

Mr. BERTSCH. We have on hand in the fund \$22 million of notes.

Mr. POAGE. I know that.

Mr. BERTSCH. Which represents our obligation to the Treasury. The bulk of these notes are notes which were made in the early years of this program when the return to the investor was 3 percent. We could not sell those except as short-term notes and the mechanics of selling them out for 180 days, which we could do, simply seems more expensive, more extravagant, than the benefits which would accrue from such a sale.

Mr. POAGE. Then we must recognize we are stuck with \$22 million of notes and it will perhaps increase?

Mr. BERTSCH. No, it will not increase. Those are accounts being rapidly liquidated by the borrowers.

Mr. POAGE. We have \$22 million of notes which are submarginal so far as return is concerned.

Mr. GATHINGS. Sound basically.

Mr. POAGE. Yes, better than the new one because these older ones have had substantial payments made on them. The equity has grown on those to where the possibility of capital loss is very small on these notes. Is that right?

Mr. BERTSCH. That is correct, sir.

Mr. POAGE. They are even better notes than the new ones you are taking in from that standpoint?

Mr. BERTSCH. There is more equity there.

Mr. POAGE. But the return on those notes is so small that it is not attractive to anybody to buy them when they can buy the 4½ percent notes.

Mr. BERTSCH. That is correct. This represents our Treasury investment in this fund.

Mr. POAGE. We have no Treasury investment against the 4½ percent notes, then; is that right?

Mr. BERTSCH. The only fund investment in the 4½ percent notes is the normal day-to-day operations. That is, we make loans out of this fund at 4½ percent, bunch them for sale and sell them to investors.

In the normal day to day operations of our program this may represent \$2 or \$3 million, but it is rapidly turning over. There is no stagnant holding in the fund at 4½ percent.

Mr. POAGE. That is fine; thank you.

Mr. BERTSCH. I want to address myself to the question Congressman Harvey raised, which I think is a very legitimate point and a very perceptive point. I would want to point out that the activity in this program during the last fiscal year did not really begin until October 15 when the provisions of the Agricultural Act of 1961 became effective. This committee made amendments in this program, increasing the interest rate to the lender from 4 to 4½ percent, reducing this mandatory holding period from 5 years to 3 years, and that program went into effect on October 15 of 1961. Therefore from October 15 to the date Congressman Johnson mentioned, which was early in May, a period of about 7 months, the entire \$150 million statutory insurance authority was exhausted.

The other point which I think is tremendously important is that we are just now launching another accelerated program, another program covered in this legislation which was drafted in this subcom-

mittee. This is the program authorizing us to insure loans for the development of rural water distribution systems.

Heretofore practically no activity—\$2 to \$3 million a year of activity in this field—took place. It made no impact upon this insurance, no more impact than that \$2 or \$3 million.

We now have \$30 million of applications in process from such associations. Before this fiscal year is over, with the great interest which rural communities is expressing in this water distribution program, we expect this insurance authority to really be strained. This activity is growing in areas of the country where our water facilities program never operated before. It is growing in the Middle West.

We have a great many applications from Indiana, as I am sure you are aware, for these water association loans. We have a great many in the Southeastern States and in Mr. Stubblefield's State there is a great deal of activity generating and adding this nonwestern interest in water management programs, I visualize a very great demand upon this insurance authority. This is one of the reasons why I believe perhaps Congressman Johnson's estimate that the \$150 million would be exhausted by December is a very conservative estimate. Day by day we almost amend this estimate. I would suggest that we would need to start slowing down. We would need to start suspending the processing of applications for both water association loans and farm ownership loans by mid-October if this insurance authorization ceiling is not expanded.

Mr. Chairman, I think I have abused the courtesy of the committee by speaking so long on this subject. I must confess that when I start talking about Farmers Home Administration activities, it is hard for me to bring that discussion to anything like a reasonable close, but I would submit ourselves now for your questions.

MR. GATHINGS. Mr. Chairman?

MR. POAGE. Mr. Gathings.

MR. GATHINGS. Mr. Bertsch, is the trend back to the land the reason for the need to expand this program from \$150 million to \$300 million? I wondered whether or not people want to acquire small holdings and farm that particular acreage as well as moving from the cities to these communities, or is it a matter of splitting up large holdings and selling them in small plots?

MR. BERTSCH. I think the general factors that are contributing to the increased pressure on this insurance authority are, first of all, a recognition on the part of the holders, the owners of many inadequate tracts; a recognition of the necessity for rounding out those tracts, for consolidating fragmented units, consolidating small units into an adequate, efficient, family-farm operation.

This is one reaction that is coming from the general necessity for farmers becoming increasingly efficient, increasingly efficient in the utilization of their labor resources. Many farmers have inadequate land resources around them to make it possible for them to fully and efficiently utilize the family labor resources that they have, I might add, in the increasing competitiveness of American agriculture. They are recognizing the necessity for gathering around them more nearly adequate land resources. This is one factor and with the problems of urban unemployment, many rural and many farm people who, if the industrial society or the industrial economy were man-

power hungry, would migrate from the farm. They are now taking a second hard look at the relative prosperity and relative employment opportunities available to them urban versus rural and they are finding that it is wiser for them and they are more likely to enjoy a more prosperous life by undertaking to build their land base in the rural community rather than seek urban or industrial employment in an urban community.

While it is not a back-to-the-land movement in any sense, it may be a slowing up of the outmigration from rural areas.

Third, and conceivably the most important of all of these reasons, is that increasing requirements for capital investments in agriculture and the narrowing margins, the narrowing equities, almost disappearing equities, which foreclose the possibility of many of these farm families obtaining from conventional lending institutions the credit they need to assemble the land resources they must have if they are to continue to compete successfully in agriculture.

Mr. GATHINGS. Those three factors are the most significant ones?

Mr. BERTSCH. I believe so.

Mr. GATHINGS. There is a trend in my particular area to split up large holdings. Many times, years ago, we had lumber interests come into the State of Arkansas and saw the timber. They acquired that land and farmed it, but now they would like to divide it up into smaller units for sale to individual people who would like to go in there and farm smaller holdings rather than a large tract.

Mr. BAKER. Mr. Chairman, Congressman Gathings and I discussed this tendency or trend in his district and adjoining parts of the country. I happened to have the opportunity, Mr. Gathings, of following up both on the ground and with some of the farm management analyses, statistical analyses, of the trends in your district and the adjoining areas with similar characteristics. Your observations are entirely accurate and to the point. This partly is stemming from the growing cost of farm labor and the migration of farm labor, of which you are aware and another change, if you please, in the tenure pattern itself of an area that has now completed its logging and reclamation activities. They appear to be settling down into an attempt to develop in that area a pattern of relatively adequate family operated farms, hopefully on an ownership basis, but to the extent that the credit is not available to transfer title to the land, they are rather rapidly moving from large plantations operations to cash and share-tenant operations, as you know.

There is such a farm in your area highly effectively operated with a soybean combine and mechanical cotton-harvesting equipment provided for a family operation with the very minimum of hired labor. There is a very large land and equipment investment involved, as you have pointed out to us both in hearings of this committee and in other ways.

This is a big factor in adding to the volume of funds required for farm ownership loans in your area and adjoining geographic territories.

Mr. GATHINGS. Thank you, Mr. Secretary. We in Arkansas are happy over your assumption of new and greater responsibilities. Your Department does not take an adverse view of this legislation by Mr. Johnson, does it?

MR. BERTSCH. To the contrary, our Department takes a very friendly attitude toward the legislation introduced by Mr. Johnson.

MR. SHORT. Mr. Chairman?

MR. POAGE. Mr. Short.

MR. SHORT. I am sorry I was not here earlier, Mr. Bertsch.

What portion of the insured lending authority is being taken up at the present time by the water facilities program?

I do not want the exact figures necessarily, but is it a considerable portion or a small portion?

MR. BERTSCH. Mr. Polk advises me that during the fiscal year just ended we insured about \$15 million of soil and water loans out of a total of \$150 million.

MR. SHORT. Roughly 10 percent?

MR. BERTSCH. That would be 10 percent. I would point out that this percentage is rapidly increasing. As I pointed out, we now have out \$30 million worth of applications in process.

MR. SHORT. You used the terminology here a few minutes ago of these water facility loans serving rural residents. I wonder what portion of the people served by these water facility loans are actually farm people?

MR. BERTSCH. About 70 percent of them are farmers, Mr. Congressman. About 30 percent are rural residents, nonfarm rural residents. They are incorporated into the distribution system to give it more economic feasibility for the farm members.

MR. SHORT. I think we all have to recognize that this is inevitable in these water facility loans. The thing I was curious about is whether or not these water facility loans are being utilized as a means of securing water facilities in instances where there is a migration of city people a little bit farther out into the rural areas, or, rather, this lending program that we all thought was a good one for the farmers is being actually used for the benefit of the farmers. If this is overdone in serving just rural areas, or rural area residents, it tends to deplete the availability of the total amount of funds actually available to farmers, as such, which I think is the primary objective of the Farmers Home Administration loan program.

MR. BERTSCH. We agree with you totally about what the primary objective of the Farmers Home Administration has been and must continue to be.

We have administratively controlled quite effectively, I believe, any tendency toward making loans to communities which are satellite communities, to an urban location.

I would point out to you that we have had a good many such applications. We have not made any such loans and we are undertaking with considerable vigilance to control this danger and to be sure that any communities to which we make this service available are generally rural communities in character.

I believe that we must continue to be vigilant in this respect. I pledge to this committee that continued kind of vigilance.

MR. BAKER. Might I add just one point to that, Congressman Short?

We insist that applicants fully explore the possibilities of obtaining appropriate water system loans and advisory assistance from the Community Facilities Administration of the Housing and Home Finance Agency. We handle this type of program the same way

as the other loans to Farm and Home Administration—what you might call a court of last resort for farmers and farmer-related credit programs, rather than us moving into the urban type of program under the jurisdiction of the Housing and Home Finance Agency.

Mr. SHORT. Thank you very much.

Mr. POAGE. Any other questions?

If not, I would like to ask you, Mr. Baker or Mr. Bertsch, the purpose of these loans is pretty well explained, but is it for any of the real estate purposes authorized under the Consolidated Farmers Home Act?

Mr. BERTSCH. Subtitle (a) of this act, is a subtitle authorizing us to make or insure loans for the purchase of not larger than family farms, the enlargement of farms too small, and the development of farms inadequately developed.

Mr. POAGE. Subtitle (a) means it must be real estate?

Mr. BERTSCH. That is correct. That is the real estate subtitle.

Mr. POAGE. That is what I should have said. It then comes to any purpose for which a real estate loan can be made under the Consolidated Farmers Home Act?

Mr. BERTSCH. That is correct.

Mr. POAGE. I think you also answered my next question as to what group of rural people can obtain these loans. I assume that it is only those who cannot get loans from other sources on reasonable terms?

Mr. BERTSCH. That is correct, sir.

Mr. POAGE. I think you pretty well said that the \$150 million insurance authorization was inadequate last year.

Mr. BERTSCH. It was inadequate last year. It provided a source of funds for essentially a period of 7 months out of the last fiscal year. At the rate of acceleration, it would provide a source of insured funds for which I would suggest not to exceed 5 months during this fiscal year.

Mr. POAGE. Why has there been such an increase in these loans?

Mr. BERTSCH. I think essentially for the reasons I gave in response to Congressman Gathings' question. I do not believe I can profitably enlarge upon that, Mr. Chairman.

Mr. POAGE. I wish you would discuss the rate at which these loans were made.

Mr. BERTSCH. These loans are made at interest rates to the borrower equaling 5 percent; that is, the farmer pays 5 percent interest. The loans are amortized over a period not in excess of 40 years. The lender receives 4.5 of that 5 percent interest. The other one-half of 1 percent goes into the agricultural credit insurance fund from which we propose to pay our losses. We are now insuring loans. If, by "rate" you mean the current volume, then we are now insuring the loans at a rate of about \$25 million a month. This is gradually working upward.

Mr. POAGE. What amount of loans have been insured since the program started in 1946? I believe you said something over \$400 million?

Mr. BERTSCH. In excess of \$460 million; yes, sir.

Mr. POAGE. What is the unpaid principal balance on these loans?

Mr. BERTSCH. The balance due on March 31, 1962, was \$289 million. If we add the loans made through June 30—from March to June 30—the current principal balance is \$344 million. There has been a reduction of about \$125 million in the principal indebtedness of these borrowers.

Mr. POAGE. I think I asked you the maximum amount owed the Treasury at any time.

Mr. BERTSCH. I think I answered that when I pointed out that we had on June 30, 1960, or sometime during the 1960 fiscal year, our indebtedness to the Treasury reached its high point, which was \$36,240,000.

Mr. POAGE. It is down to \$22 million now?

Mr. BERTSCH. It is down to \$22,875,000 as of June 30, 1962. We have made a serious effort to dispose to other lenders of paper in the fund, of notes held in the fund, and that effort has been successful. That effort has convinced us that we have the capacity to manage this fund in such a way as to bring no embarrassment upon this committee or upon the administration.

Mr. POAGE. What has been the net accumulated reserve?

How has that reserve compared with the losses?

Mr. BERTSCH. The net reserve is \$7,882,000 and losses have been \$353,000, which makes a net reserve of \$8 million. This is \$8,480,000, which is our current net reserve.

Mr. POAGE. What has been the total cost of all funds borrowed from the Treasury when compared to the interest earnings from the fund?

Mr. BERTSCH. The interest earnings of the fund to date have totaled about \$4.5 million. The total cost of interest borrowed from the Treasury by the fund has equaled nearly \$4 million, so that the fund operations have resulted in net earnings of about half a million dollars. The interest earnings have been to the Treasury, as a result of the operation of this fund, \$486,000.

Mr. POAGE. Thank you very much. Are there any other questions?

Mr. McINTIRE. Mr. Chairman?

Mr. POAGE. Mr. McIntire.

Mr. McINTIRE. In the Consolidated Farmers Home Administration Act, am I correct in my recollection that prior to the enactment of that legislation, the rate of interest charged the borrower was 5 percent but the amount which the lender could receive was 4 percent?

Mr. BERTSCH. That is correct.

Mr. McINTIRE. In that act, the difference of one-half of 1 percent went into your insured loan fund and one-half of 1 percent went into a service offset?

Mr. BERTSCH. Made available for administrative purposes.

Mr. McINTIRE. Under the Consolidated Farmers Home Administration Act, the legislation permitted the insured lender to receive 4.5 percent but did not increase the rate of interest to the borrower. The one-half of 1 percent which the Farmers Home Administration received for administrative purposes was surrendered and now comes out of funds directly appropriated for the Farmers Home Administration administrative expenses.

Mr. BERTSCH. That is correct.

Mr. JOHNSON of Wisconsin. How long has that law been in effect?

Mr. BERTSCH. Since August.

Mr. JOHNSON of Wisconsin. What did it cost the Government so far for administrative expenses?

Mr. BAKER. Let me answer that, Mr. Johnson.

The entire cost has been absorbed, not at our recommendation but because the appropriation was not otherwise increased. It has been absorbed at the preexisting level for administrative expenses. In that

sense, this has not made any net increase at all in administrative costs of the Farmers Home Administration.

Mr. JOHNSON of Wisconsin. There have been more people hired in the various counties, or if there had been there would be an extra charge?

Mr. BAKER. There would have been but the actual results have been that the folks have somehow or other increased their effectiveness and the efficiency of their operations and due to necessity, it has not cost anything.

Mr. JOHNSON of Wisconsin. I included that in my statement before. I notice that in the past, or perhaps not in the past but prevailing, it has been true that ever since the late 1940's a lot of these offices do not have enough to do.

Mr. BAKER. It might be stated another way, also.

The society and the economy as a whole, as we advance into more modern civilization, are expected to get more results per hour and per day for manpower exerted in any of our tasks. I am proud that the Farmers Home Administration has shown they have really made some advances toward modern civilization in this respect.

Mr. McINTIRE. Mr. Chairman?

Mr. POAGE. Mr. McIntire.

Mr. McINTIRE. Does the fact that this bill is before us mean we will have a department report on it? My impression of the testimony is that we will not. Am I correct?

Mr. BAKER. We do not have.

Mr. McINTIRE. Is it appropriate that we can anticipate a report in order that it can be current with the supporting documents for this legislation?

Mr. BAKER. Not in the immediate future, Congressman McIntire. There are both pros and cons being weighed and studied.

Mr. POAGE. In view of the testimony in the past, we do not need a formal report and that is why we had the hearing in the first place.

Mr. McINTIRE. I wondered if we could anticipate a report.

Mr. BAKER. It was determined it would be appropriate for us to discuss the advantages and disadvantages from various standpoints of this proposed legislation with you, in response to your invitation. But the administration does not have a formal position to present in a report on the bill.

Mr. POAGE. Are there other questions?

If not, we are very much obliged to you, Mr. Baker, Mr. Bertsch and gentlemen.

Mr. BERTSCH. Thank you very much, Mr. Chairman, for your courtesy.

Mr. POAGE. I believe Mr. Johnson of the National Farmers Union is here to testify. We will be glad to hear you, Mr. Johnson.

STATEMENT OF REUBEN L. JOHNSON, DIRECTOR OF LEGISLATIVE SERVICES, NATIONAL FARMERS UNION

Mr. JOHNSON. Mr. Chairman, I have listened to what I think is a very informative discussion of the subcommittee with the Department witnesses on this bill and the Farmers Union supports it. I am at the pleasure of the subcommittee.

I have a short statement which I think covers some of the points the subcommittee has already discussed rather fully with the witnesses from the Department of Agriculture.

Farmers Union supports H.R. 12653. The urgent need for additional real estate loan funds means that it is imperative that prompt action be taken to enact this bill during this session of Congress.

We support this legislation for the following reasons:

1. The increased cost of farming and of farm real estate makes it increasingly difficult for a young farm family to acquire the capital needed to begin farming on its own.

2. Applications for real estate loans have increased—as of the end of July this year, approximately 17,000 applications were on hand in county offices of the Farmers Home Administration.

3. It is apparent that loan funds from private sources would be forthcoming if the ceiling is increased from \$150 million to \$300 million as provided in this bill.

4. Agriculture today suffers from lack of adequate credit and the additional authority to draw on private money and provide Government insurance for the investor is one way to help alleviate this shortage of farm credit.

AID FOR BEGINNING FARM FAMILIES

Young farm families can often acquire the real estate of a parent through the insured loan program of Farmers Home Administration. In such a situation, FHA provides a loan in keeping with the value of the farm and is able to meet the credit needs of the young family. In this manner estates may be settled equitably with other interested parties receiving their share. This program often prevents an estate from being broken up into several tracts.

Loans can be insured on a loan-term basis between a young family and their parents or some other retiring owner. For example, in such a case a sale can be consummated in which the young farm family makes an annual payment amortizing the total purchase price over a period of not to exceed 40 years at interest of 4½ percent. The Government simply guarantees the payment by the young farm family. If the owner dies before the farm is paid out, heirs are protected. If the owner decides he wants his money in a lump sum, he can at the end of 3 years turn the paper over to the Government and receive the balance in cash. The Government would retain the paper or sell it to another lender.

BACKLOG OF APPLICANTS

From all of the information we are able to obtain, the credit needs of the 17,000 applicants that we referred to above, could be met if the ceiling were lifted as this bill provides. In other words, adequate private capital is available and we understand that the Farmers Home Administration now has commitment from private lenders to buy approximately \$75 million in insured loan paper.

BUILDING RURAL AMERICA

One of the advantages of the insured loan program is that it permits retention of local capital in the local community. Banks and other investment managers are able to put their money out on interest and

it will yield a rate comparable to that obtainable in the money markets and yet will be put to work assisting local rural developments. For example, in many cases, some construction work is involved furthering development of the local community. This is a needed form of stimulus to the local rural economy and helps to solve one of the most urgent problems—that of providing opportunities for people to earn a living in rural America. It is an effective way of putting local capital to work.

NEED FOR ADDITIONAL FARM CREDIT

Farmers Home Administration has, over the past 25 years, dedicated its efforts to assuring opportunity for capable and ambitious young farm families to begin farming. The agency has never had adequate finances to do this job as it should be done. The need for additional Federal funds has been stressed by Farmers Union on many occasions in hearings before this committee and the Committee on Appropriations. While we are cognizant of the interest in balancing the budget, we do not believe that denial of adequate loan funds for farmers is justified in the face of the increasing need for farm credit of all kinds—operating, real estate, soil and water and housing.

The role of the Government in providing such funds has seemed to us to provide a needed yardstick as to the cost of credit and we believe has been responsible for holding to a minimum interest rates charged from private credit sources. The fact that this insured real estate loan program is operated in conjunction with a program of utilizing Government funds has been insurance to farmers that they would not be overcharged on interest rates.

In closing, Mr. Chairman, the insured loan program provides, as do the other credit programs of FHA, a means of building rural America. We understand that local moneys from banks, pension funds, insurance companies, and trust funds are potential sources of funds for the insured loan program. Therefore, the expansion of the ceiling on insured loans provides a method by which local money of local investors can be put to work for the benefit of the rural areas. The lifting of this ceiling will expand on the source of funds for agricultural credit and we therefore urge this subcommittee and the full House Agriculture Committee to act promptly to approve H.R. 12653.

We appreciate this opportunity to present the views of Farmers Union and we will be glad to respond to questions.

Mr. POAGE. Are there any questions anyone wants to ask?

(No response.)

You support the measure as presented?

Mr. JOHNSON. We support the measure, Mr. Chairman.

Mr. POAGE. Are there any questions of Mr. Johnson? If not, we are very much obliged to you.

Mr. JOHNSON. Thank you for your courtesy and allowing me to be here.

Mr. POAGE. Does anyone else want to be heard?

(No response.)

If not, the committee will now go into executive session.

(Thereupon, the committee went into executive session.)

IN THE SENATE OF THE UNITED STATES

JUNE 7, 1962

Mr. HUMPHREY (for himself and Mr. McCARTHY) introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry

A BILL

To amend the Consolidated Farmers Home Administration Act of 1961 in order to increase the limitation on the amount of loans which may be insured under subtitle A of such Act.

- 1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 308 of the Consolidated Farmers Home Admin-
4 istration Act of 1961 is amended by striking out the figure
5 “\$150,000,000” and inserting in lieu thereof the figure
6 “\$300,000,000”.

★I

A BILL

To amend the Consolidated Farmers Home Administration Act of 1961 in order to increase the limitation on the amount of loans which may be insured under subtitle A of such Act.

By Mr. HUMPHREY and Mr. McCARTHY

JUNE 7, 1962

Read twice and referred to the Committee on
Agriculture and Forestry

9-11-72/23

2

1. 10/11



H. R. 12653

IN THE HOUSE OF REPRESENTATIVES

JULY 23, 1962

Mr. JOHNSON of Wisconsin introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To amend the Consolidated Farmers Home Administration Act of 1961 in order to increase the limitation on the amount of loans which may be insured under subtitle A of such Act.

- 1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 308 of the Consolidated Farmers Home Admin-
4 istration Act of 1961 is amended by striking out the figure
5 “\$150,000,000” and inserting in lieu thereof the figure
6 “\$300,000,000”.

87TH CONGRESS
2^D Session

H. R. 12653

A BILL

To amend the Consolidated Farmers Home Administration Act of 1961 in order to increase the limitation on the amount of loans which may be insured under subtitle A of such Act.

By Mr. JOHNSON of Wisconsin

JULY 23, 1962

Referred to the Committee on Agriculture

House

August 27, 1962

17. TOBACCO. The Subcommittee on Tobacco of the Agriculture Committee voted to report to the full committee with amendment H. R. 12855, relating to lease and transfer of tobacco acreage allotments. p. D773
18. HOUSING. By a vote of 367 to 62, passed under suspension of the rules H. R. 12628, to authorize a program of housing for the elderly in rural areas. pp. 16615-23
19. LOANS. The Subcommittee on Conservation and Credit of the Agriculture Committee voted to report to the full committee H. R. 12653, to amend the Consolidated Farmers' Home Administration Act of 1961 in order to increase the limitation on the amount of loans which may be insured under the act. p. D773
20. COMMUNICATIONS. By a vote of 372 to 10, agreed to, under suspension of the rules, H. Res. 769, providing that the House concur in the Senate amendments to H. R. 11040, the satellite communications bill. This bill will now be sent to the President. pp. 16604-15
21. FEDERAL AID. Passed under suspension of the rules S. 3327, to make certain federally impacted areas eligible for assistance under the public facility loan program. pp. 16635-6
22. PARKS. By a vote of 60 to 50, failed to pass under suspension of the rules (a two-thirds vote being necessary for passage under suspension proceedings) S. 2429, to revise the boundaries of the Virgin Islands National Park, St. John, V. I. pp. 16637-8
23. ELECTRIFICATION. By a vote of 107 to 20, passed under suspension of the rules S. 1606, to authorize the Federal Power Commission to exempt small hydroelectric projects from certain of the licensing provisions of the Federal Power Act. pp. 16638-40
Rep. Saylor criticized the proposed tour by the Secretary of Interior of Russian electric power installations, and criticized a speech by the Administrator of REA. pp. 16641-2
24. PERSONNEL. The Post Office and Civil Service Committee reported with amendment H. R. 2079, to amend the Classification Act of 1949 so as to authorize the establishment of hazardous duty pay in certain cases (H. Rept. 2269). p. 16652
25. PUBLIC WORKS. Rep. Slack criticized the proposed Public Works Acceleration Act, saying it "appears to have become part of a foolish and dangerous game of Russian roulette which some of my colleagues like to play with our economy." pp. 16644-5
26. NEWSPRINT. The Interstate and Foreign Commerce Committee issued a report on world newsprint supply-demand (H. Rept. 2273). p. 16652

ITEMS IN APPENDIX

27. FARM PROGRAM. Extension of remarks of Sen. Randolph discussing the growth and development of agriculture, advocating more research expenditures for agriculture and inserting an article on this subject. p. A6397
28. OPINION POLLS. Extension of remarks of Reps. Thompson and Smith inserting the results of questionnaires. pp. A6401, A6401-2
29. FOOD FOR PEACE. Extension of remarks of Rep. Curtis, Mo., favoring the Findley amendment which allows funds generated by the sale of surplus commodities to be sold to Americans planning to visit the countries who participate in the food-

for-peace program, and inserting an article. p. A6402

30. INFORMATION. Extension of remarks of Rep. Goodling stating that the Labor Dept. is trying to "determine why bureaucrats cannot say what they mean in plain, simple language all can understand," and inserting an article which states that the Estes case has brought out the fact that "county committees...frequently don't read directives sent cut by the Department of Agriculture. The reason? They're so frequently unreadable." p. A6403
31. PERSONNEL. Extension of remarks of Rep. Ford criticizing the increase in number of employees in this Department and inserting an article, "Civil Service Bumper Crop." p. A6404
32. PUBLIC WORKS. Extension of remarks of Rep. Rains urging passage of public works legislation. pp. A6410-1
33. LUMBER. Extension of remarks of Rep. Green inserting an article, "Oregon's Lumber Crisis." pp. A6425-7

BILLS INTRODUCED

34. PEACE CORPS. H. R. 12981, by Rep. Halpern, to establish a Domestic Peace Corps; to Education and Labor Committee.
35. HOLIDAY. H. J. Res. 760, by Rep. Arends, making the 17th Day of September in each year a legal holiday to be known as "Constitution Day"; to Judiciary Committee.
36. FAO. S. 3679, by Sen. Fulbright, authorizing an appropriation to enable the United States to extend an invitation to the Food and Agriculture Organization of the United Nations to hold a World Food Congress in the United States in 1963; to Foreign Relations Committee. Remarks of author pp. 16656-7

BILLS APPROVED BY THE PRESIDENT

37. PURCHASING. H. R. 8100, allowing GSA to charge to the consuming agencies the transportation costs of items of supply sent them by request. Approved August 24, 1962 (Public Law 87-600).
38. TARIFFS. H. R. 10928, transfers casein or lactarene to the free list of the Tariff Act of 1930. Approved August 24, 1962 (Public Law 87-606).

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COMMITTEE HEARINGS AUG. 28:

Farm policy recommendations of CED, H. Agriculture (Secretary Freeman to testify).
Estes investigation, S. Gov't Operations.
Wilderness preservation bill, H. Interior.
Road authorization bill, S. Public Works.(exec).

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For information only;
should not be quoted
or cited)

Issued Sept. 13, 1962
For actions of Sept. 12, 1962
87th-2d, No. 164

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HIGHLIGHTS: House committee voted to report bills to increase number of new counties eligible for crop insurance, further restrict interstate movement of diseased livestock and poultry, increase limitation on FHA loans, extend time for leasing tobacco allotments, facilitate work of Forest Service, facilitate USDA administrative operations, and provide cooperation with States in administration of agricultural laws. Conferees granted permission to file conference report on USDA appropriation bill by midnight, Sept. 12. Senate passed bills to: Increase authorization for Cooperative Forest Management Act. Provide for cooperation with States in administration of agricultural laws. Senate concurred in House amendment to bill to expand survey of forest resources. Sen. Morse discussed recent criticisms of administration of national forests.

HOUSE

1. **FARM PROGRAM.** The "Daily Digest" states that "Conferees continued, in executive session, to resolve the differences between the Senate- and House-passed versions of H. R. 12391, proposed Food and Agriculture Act of 1962, and reached tentative agreement thereon, and will meet again on Friday, September 14."
p. D834

2. **APPROPRIATIONS.** The conferees were granted until midnight Wed., to file a conference report on H. R. 12648, the agricultural appropriation bill for 1963.
p. 18127

Received and agreed to the conference report on H. R. 12870, the military construction appropriation bill (H. Rept. 2356). pp. 18173-6, 18178

The Appropriations Committee was granted permission to report the foreign aid appropriation bill on Tues., Sept. 18, and bring it to the floor on Thurs., Sept. 20. p. 18132

3. AGRICULTURE COMMITTEE. The Agriculture Committee voted to report (but did not actually report) ~~S. 8859, to amend the Federal Crop Insurance Act, as amended, in order to increase from 100 to 150 the number of new counties in which crop insurance may be offered each year; S. 3120, to grant the Secretary of Agriculture additional authority to permit the interstate movement of certain diseased livestock and poultry; H. R. 11111, to authorize the Secretary of Agriculture to sell and convey certain forest lands in Iowa; H. R. 12434 (amended), omnibus bill to facilitate the work of the Forest Service; H. R. 12653 (amended), to amend the Consolidated Farmers Home Administration Act of 1961 in order to increase the limitation on the amount of loans which may be insured under subtitle A of such Act; H. R. 12855 (amended), relating to the lease and transfer of tobacco acreage allotments; H. R. 12811 (amended), omnibus bill to facilitate the work of the Department of Agriculture; H. R. 12802, to provide further for cooperation with States in administration and enforcement of certain Federal laws; and S. 3152, to provide for the nutritional enrichment and sanitary packaging of rice prior to its distribution under certain Federal programs, including the national school lunch program. The Committee passed over without prejudice S. 3517, earmark Sec. 32 funds to establish and carry out a program to promote the flow of domestically produced lumber in commerce; and S. 2121, to establish Federal agricultural services to Guam; and voted to accept Senate amendments to H. R. 8520, to limit financial and technical assistance for drainage of certain wetlands. p. D833~~
4. ROADS. The Public Works Committee voted to report (but did not actually report) S. J. Res. 137, to authorize the Secretary of Commerce, in cooperation with Alaska, to undertake studies and surveys relative to a highway construction program for Alaska. p. D834
5. MONOPOLIES. The Interstate and Foreign Commerce Committee reported with amendment H. J. Res. 636, the proposed Quality Stabilization Act (H. Rept. 2352). p. 18178
6. LOBBYING. Received from the Clerk of the House and the Secretary of the Senate the quarterly reports pursuant to the Regulation of Lobbying Act. pp. 18180-211

SENATE

7. FORESTRY. Passed without amendment H. R. 9728, to increase the amount authorized to be appropriated to carry out the Cooperative Forest Management Act from \$2.5 million to \$5 million. This bill will now be sent to the President. pp. 18071-2
- Passed without amendment S. 3589, to authorize the Secretary of Agriculture to acquire certain lands in Wright County, Minn., and exchange them with Minn. for State-owned lands in the Superior National Forest. p. 18072
- Concurred in the House amendment to S. 3064, to increase the authorization for the national survey of forest resources from \$1.5 to \$2.5 million annually. This bill will now be sent to the President. p. 18073
- Passed with amendment S. 3335, to revise the boundaries of the Big Hole Battlefield National Monument, Mont., including the transfer of land from the Beaverhead National Forest to the Monument. p. 18073
- Sen. Morse discussed recent criticism of the administration of the national forests and stated that "Secretary Freeman is now addressing himself to this problem" and that "These times require a reassessment of procedures, a reanalysis of attitudes, the communication of ideas, but most of all an improvement in performance." pp. 18106-7

FARMERS HOME ADMINISTRATION, INCREASE AUTHORIZATION FOR INSURED LOANS

SEPTEMBER 15, 1962.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. COOLEY, from the Committee on Agriculture, submitted the following

R E P O R T

[To accompany H.R. 12653]

The Committee on Agriculture, to whom was referred the bill (H.R. 12653) to amend the Consolidated Farmers Home Administration Act of 1961 in order to increase the limitation on the amount of loans which may be insured under subtitle A of such act, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Page 1, line 6, strike out the figures "\$300,000,000" and insert "\$200,000,000".

PURPOSE

The purpose of this bill is to increase from \$150 million annually to \$200 million annually the amount of loans which may be insured under the Consolidated Farmers Home Administration Act of 1961.

NEED FOR THE LEGISLATION

A substantial part of the FHA loan program for farmers is carried out by insuring loans made by private credit agencies which meet the standards and requirements of the Farmers Home Administration, rather than by the direct use of Federal funds. The current authorization for such loans, enacted as part of the Agricultural Act of 1961, limits the amount of insured loans in any fiscal year to \$150 million. The demand for insured loans was so great during the last previous fiscal year that the \$150 million annual insurance authorization was exhausted on May 11, 1962. This bill will permit FHA to meet this demand for agricultural credit at least for the current fiscal year by increasing the authorization for insured loans to \$200 million.

COMMITTEE AMENDMENT

The bill as introduced would have authorized an increase in the amount of insured loans to \$300 million. The Secretary of Agriculture in reporting favorably on the bill recommended that this be reduced to \$200 million and the committee has followed this recommendation.

COST

There will be no appreciable increase in administrative cost as the result of this legislation and, on the contrary, it will permit a substantial increase in FHA loans to farmers with the use of private funds rather than Federal funds.

DEPARTMENTAL APPROVAL

Following is the letter from the Secretary of Agriculture recommending enactment of H.R. 12653, as amended.

U.S. DEPARTMENT OF AGRICULTURE,
Washington, D.C., September 10, 1962.

HON. HAROLD D. COOLEY,
Chairman, Committee on Agriculture,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to your request of July 25, 1962, for a report on H.R. 12653, a bill to amend the Consolidated Farmers Home Administration Act of 1961 in order to increase the limitation on the amount of loans which may be insured under subtitle A of such act.

The bill would increase from \$150 to \$300 million the amount of loans that could be insured annually under title III of the Agricultural Act of 1961. Several types of loans are insured under this authorization. Farmownership loans are made to families with a farm background and experience or training to help them buy, enlarge, or develop farms and to refinance debts. Soil and water conservation loans may be made to individual farmers to help them improve, protect, and properly use their farmland by providing adequate financing for water development and conservation and soil conservation and use. Loans also may be made under this title to public bodies and nonprofit associations for the development and use of water and soil conservation practices and drainage to serve farmers, ranchers, and other rural residents.

The demand for insured loans for these purposes was so great last fiscal year that the \$150 million annual insurance authorization was exhausted on May 11, 1962. On the basis of the large number of applications on hand and the increasing demand for this type of credit, we anticipate that the \$150 million authorization will be reached during the first 6 months of the 1963 fiscal year.

For the past several months, insured loans were made at the rate of about \$25 million monthly or an annual rate of \$300 million. As of June 30, 1962, county offices reported 16,561 applications for insured loans on hand, of which 4,470 had been processed to the point that it was determined that loans could be made. Applications for

insured loans were received at the rate of 3,600 per month for the 1962 fiscal year. During the 1962 fiscal year, insured soil and water conservation loans to individuals and to public bodies and nonprofit associations totaled about \$7 million, and the balance of the \$150 million insurance authorization was used for the insurance of farm-ownership loans.

An increase in the authorized amount of insured loans will reduce the need for direct Government loan funds for farmownership and soil and water loans. During the fiscal year 1962, the obligation of direct funds was discontinued almost entirely for several months while the \$150 million of insured loan authority was available. Under current money market conditions, an increase in the loan insurance authorization would permit meeting the credit needs of most of the applicants for farmownership and soil and water loans with insured funds, and would thus effect a savings in sums authorized to be obligated for direct loans.

This Department recommends passage of the bill. Due to the considerations indicated to the Conservation and Credit Subcommittee by Assistant Secretary Baker in his oral testimony of August 27, we recommend that the authorization be raised to \$200 million rather than \$300 million. The \$200 million will provide sufficient additional authorization to permit the program to continue uninterrupted into next year. This would provide additional time to consider the problems referred to by Assistant Secretary Baker.

The Bureau of the Budget advises that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely yours,

ORVILLE L. FREEMAN, *Secretary.*

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italic*, and existing law in which no change is proposed is shown in roman):

CONSOLIDATED FARMERS HOME ADMINISTRATION ACT OF 1961, AS AMENDED

* * * * *

SEC. 308. Loans under this subtitle may be insured by the Secretary, aggregating not more than **[\$150,000,000]** *\$200,000,000* in any one year, whenever funds are advanced or a loan is purchased by a lender other than the United States. In connection with insurance of loans, the Secretary—

(a) is authorized to make agreements with respect to the servicing of loans insured hereunder and to purchase such loans on such terms and conditions as he may prescribe, except that no agreement shall provide for purchase by the Secretary at a date sooner than three years from the date of the note; and

(b) shall retain out of payments by the borrower a charge at a rate determined by the Secretary from time to time equivalent to not less than one-half of 1 per centum per annum on the principal unpaid balance of the loan.

Any contract of insurance executed by the Secretary under this subtitle shall be an obligation supported by the full faith and credit of the United States and incontestable except for fraud or misrepresentation of which the holder has actual knowledge.



Union Calendar No. 1005

87TH CONGRESS
2^D SESSION

H. R. 12653

[Report No. 2378]

IN THE HOUSE OF REPRESENTATIVES

JULY 23, 1962

Mr. JOHNSON of Wisconsin introduced the following bill; which was referred to the Committee on Agriculture

SEPTEMBER 15, 1962

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Omit the part struck through and insert the part printed in italic]

A BILL

To amend the Consolidated Farmers Home Administration Act of 1961 in order to increase the limitation on the amount of loans which may be insured under subtitle A of such Act.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 308 of the Consolidated Farmers Home Admin-
4 istration Act of 1961 is amended by striking out the figure
5 “\$150,000,000” and inserting in lieu thereof the figure
6 “~~\$300,000,000~~ \$200,000,000”.

Union Calendar No. 1005

87TH CONGRESS
2^D SESSION

H. R. 12653

[Report No. 2378]

A BILL

To amend the Consolidated Farmers Home Administration Act of 1961 in order to increase the limitation on the amount of loans which may be insured under subtitle A of such Act.

By Mr. JOHNSON of Wisconsin

JULY 23, 1962

Referred to the Committee on Agriculture

SEPTEMBER 15, 1962

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

Sept 17, 1962

to be subject to the program could divert as much as their entire acreage for payment.

"Third. Certain crops not in surplus supply, such as safflower, sesame, and other minor crops, could be produced on diverted acreage at the discretion of the Secretary, and partial diversion payments could be made.

"Fourth. If more than one-third of the producers voting in the referendum opposed the program, price support would be provided at 50 percent of parity to cooperators.

" ...

"The bill provides also that the Secretary may increase the allotment for any type of wheat which would otherwise be in short supply. ...

"Authority is provided also for the Secretary to permit wheat to be produced on feed grain acreages to such extent and under such conditions as will not impair the operation of the wheat program. It is understood that this authority would not be used except in the case when an acreage diversion program for feed grains was in effect.

" ...

"Title IV--Farmers Home Administration

"The bill makes the following changes in the lending authorities of the Farmers Home Administration:

"First. Adds "recreational uses and facilities" to the purposes for which real estate loans may be made or insured to the owner-operators of not larger than family farms.

"Second. Adds "shifts in land use including the development of recreational facilities" to the purposes for which loans may be made or insured to associations serving farmers and other rural residents.

"Third. Adds "recreational uses and facilities" to the purposes for which operating loans may be made to the operator of not larger than family farms.

"Fourth. Adds a definition of farmers to include persons engaged in fish farming among farmers eligible for loans, and

"Fifth. Increases from 10 to 25 million the aggregate of the real estate loans which the Secretary may make out of the insurance fund to be sold and insured, which are on hand and not disposed of at any one time." pp. 18574-7

2. AGRICULTURAL APPROPRIATION BILL, 1963. Received the conference report on this bill, H. R. 12648 (H. Rept. 2381) (pp. 18487-9, 18583). Attached to this digest is a copy of the conference report and a summary of the action of the conferees.
3. FOREST SERVICE. Passed as reported H. R. 12434, to facilitate the work of the Forest Service (pp. 18560-1). This bill was reported with amendment on Sept. 15 (H. Rept. 2377) (p. 18583).
4. LOANS; FHA. Began debate on H. R. 12653, to amend the Consolidated Farmers Home Administration Act of 1961 in order to increase from \$150 million to \$200 million annually the limitation on the amount of loans which may be insured under such Act (p. 18561). This bill was reported with amendment on Sept. 15 (H. Rept. 2378) (p. 18583).
5. COOPERATION. The Agriculture Committee reported on Sept. 15 (during adjournment of the House) without amendment H. R. 12802, to authorize the Secretary of Agriculture to cooperate with States in the administration and enforcement of Federal laws relating to the marketing of agricultural products and to the eradication or control of plant and animal diseases and pests. (H. Rept. 2379) p. 18583

6. TOBACCO. The Agriculture Committee reported on Sept. 15 (during adjournment of the House) with amendment H. R. 12855, to amend provisions of the Agricultural Adjustment Act of 1938 providing for the lease and transfer of tobacco acreage allotments so as to exclude cigar-filler and cigar-binder tobacco, types 42,43,44,53,54, and 55, from the lease and transfer authority. (H. Rept. 2380). p. 18583
7. WILDLIFE. The Subcommittee on Irrigation and Reclamation of the Interior and Insular Affairs Committee voted to report to the full committee S. 1988, to aid in the administration of the Tule Lake, Lower Klamath, and Upper Klamath National Wildlife Refuges in Oregon and California. p. D853
8. FLOOD CONTROL. Received from the Budget ^{Bureau} plans for works of improvement relating to the following watersheds: Crooked Bayou, Ark.; West Fork of Pond River, Ky.; Hardin Creek, Tenn.; and Mill Creek, Tenn.; to Agriculture Committee. p.18583
Received from the Budget Bureau plans for works of improvement relating to the following watersheds; Tobesofkee, Ga. (supplemental); Cottonwood Creek, Okla.; and Delaware Creek, Okla.; to Public Works Committee. p. 18583
9. EDUCATION. The "Daily Digest" states that "Conferees, in executive session, reached agreement on the differences between the Senate- and House-passed versions of H. R. 8900, authorizing Federal financial assistance for institutions of higher education, and will meet again on Wednesday, September 19, to sign a conference report thereon." p. D853
10. MINING. Passed with amendment S. 3451, to provide relief for residential occupants of unpatented mining claims upon which valuable improvements have been placed. A similar bill, H. R. 12761, was laid on the table. pp. 18532-4, 18545-50
11. AIR POLLUTION. Passed with amendment S. 455, to provide for public hearings on air pollution problems of more than local significance under, and extend the duration of, the Federal air pollution control law. A similar bill, H. R. 12833, which was earlier passed under suspension of the rules, was laid on the table. pp. 18556-60
12. EDUCATION; VETERANS. Passed with amendment S. 2697, to amend title 38, U.S.C., to provide an extension of the period within which certain educational programs must be begun and completed in the case of persons called to active duty during the Berlin crisis. A similar bill, H. R. 9962, was laid on the table. pp. 18489-92
13. PERSONNEL. The Post Office and Civil Service Committee reported with amendment S. 1070, to amend the Federal Employees' Group Life Insurance Act of 1954, as amended, so as to provide for an additional unit of life insurance (H. Rept. 2383). p. 18583
14. HOUSE RULES. Rep. Reuss urged five amendments to the Rules of the House of Representatives intended to expedite the business of Congress. pp. 18567-70
15. SMALL BUSINESS. Rep. Roudebush discussed the American patent system and said, "It is my firm conviction that the Congress must not take any precipitate action to alter our patent system." pp. 18577-81

retary of Agriculture to permit the free use of timber as provided in the Act of June fourth, eighteen hundred and ninety-seven" is repealed.

SEC. 7. The Act of June 4, 1897 (30 Stat. 11, 35, 16 U.S.C. 551) is amended by deleting from the second full paragraph on page 35 the portion thereof reading "as is provided for in the Act of June fourth, eighteen hundred and eighty-eight, amending section fifty-three hundred and eighty-eight of the Revised Statutes of the United States" and inserting in lieu thereof "by a fine of not more than \$500 or imprisonment for not more than six months, or both."

Section 32(f) of the Act of July 22, 1937 (50 Stat. 526; 7 U.S.C. 1011(f)) is amended to make the last sentence thereof read as follows: "Any violation of such rules and regulations shall be punished by a fine of not more than \$500 or imprisonment for not more than six months, or both."

SEC. 8. Section 2 of the Act of May 27, 1930 (46 Stat. 387; 16 U.S.C. 574) is amended by changing the amount in the proviso from \$500 to \$2,500.

SEC. 9. Funds available to the Forest Service shall be available for expenses of, or payment of assessment for, construction of sidewalks, curbs, or street paving along the boundary of Government-owned residential or otherwise improved lots.

SEC. 10. Section 13 of the Department of Agriculture Organic Act of 1956 (70 Stat. 1034; 16 U.S.C. 579b) is hereby amended by deleting from the second sentence thereof the comma after the word "assets" and the words "but such capitalization shall not exceed \$25,000,000."

SEC. 11. The Secretary of Agriculture is authorized under such regulations as he may prescribe, to issue permits for terms not in excess of fifty years, for the production of natural steam from National Forest or other lands under the jurisdiction of the Forest Service, and for the utilization of such steam on such land or for removal of it therefrom, and for the use and occupation of so much of such land as may be needed for such purposes.

With the following committee amendments:

Page 1, line 3, strike lines 3 through 10 and page 2, line 1, strike lines 1 and 2.

Page 2, line 3, strike "Sec. 2. Where" and insert "That where".

Page 2, line 12, strike "Sec. 3." and insert "Sec. 2."

Page 2, line 15, strike "Sec. 4." and insert "Sec. 3."

Page 2, line 21, strike "Sec. 5." and insert "Sec. 4."

Page 2, line 24, strike "Sec. 6." and insert "Sec. 5."

Page 3, line 10, strike "Sec. 7." and insert "Sec. 6."

Page 3, line 1, after the figure 287, insert "; 16 U.S.C. 489".

Page 3, line 19, before the words "Section 32(f)" insert "Sec. 7".

Page 4, line 10, strike "15 U.S.C. 5796" and insert "16 U.S.C. 5796".

Page 4, line 14, strike lines 14 through 21.

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

FARMERS HOME ADMINISTRATION, INCREASE AUTHORIZATION FOR INSURED LOANS

Mr. GRANT. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H.R. 12653) to amend the Consolidated Farmers

Home Administration Act of 1931 in order to increase the limitation on the amount of loans which may be insured under subtitle A of such act.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

Mr. GROSS. Mr. Speaker, reserving the right to object, and I shall not object, I simply want to point out to the House that on these bills there were no reports available on Saturday. Here we are without any report. There may be reports here, but not in time so that anyone could study these bills. I am not going to object, but I do not like this way of legislating and I want to protest.

Mr. Speaker, I withdraw my reservation of objection.

Mr. WILLIAMS of Mississippi. Mr. Speaker, reserving the right to object, I think, perhaps, it would be well to have a brief explanation of the bill.

Mr. JOHNSON of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. WILLIAMS of Mississippi. I yield to the gentleman.

Mr. JOHNSON of Wisconsin. The original bill was to raise the amount that could be borrowed from the Farmers Home Administration from \$150 million to \$300 million. The Bureau of the Budget and the House Committee amended it to \$200 million. That will carry them through January and February and we will take up the matter in the next session of the Congress.

Mr. WILLIAMS of Mississippi. Do I understand that this bill comes to us with a unanimous report?

Mr. JOHNSON of Wisconsin. Yes; the committee is unanimous.

Mr. WILLIAMS of Mississippi. Mr. Speaker, I withdraw my reservation of objection.

Mr. CURTIS of Missouri. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER pro tempore. Will the gentleman from Missouri withhold the point of order until the gentleman from California [Mr. SISK] makes a unanimous-consent request?

Mr. CURTIS of Missouri. Mr. Speaker, I want to accommodate, but I do not like this procedure. Nobody knows what is going on here, and we cannot get an explanation on these bills. But I will withhold the point of order so that the gentleman can make his unanimous-consent request.

LEGISLATIVE PROGRAM—SUSPENSION OF THE RULES ON TUESDAY

Mr. SISK. Mr. Speaker, I ask unanimous consent that it may be in order on tomorrow for the Speaker to recognize Members to move to suspend the rules and pass the bills that were announced for suspension on last Friday and which have not been reached today except the first item on that list as announced.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

Mr. GROSS. Mr. Speaker, reserving the right to object, does this now include the bill H.R. 11732 to provide that foreign embassies can operate radio transmission stations in this country?

The SPEAKER pro tempore. That is a matter within the discretion of the gentleman from Arkansas.

Mr. GROSS. He is asking unanimous consent to make it within the discretion of the gentleman from Arkansas, if I understand the parliamentary situation.

Mr. WHITTEN. Mr. Speaker, reserving the right to object, there are several conference reports pending on appropriation bills. It is getting toward the end of the session and some of these bills may have to go back for further conference. I am just wondering what the situation will be with regard to them.

The SPEAKER pro tempore. The Chair will state that it will be the purpose of the Chair to recognize Members to move to suspend the rules after the disposition of conference reports that will be in order tomorrow.

Mr. HALLECK. Mr. Speaker, reserving the right to object, I just want to say that quite some time ago recognizing that the hour would be late when we finished should we complete the call of bills under suspension today, I personally, after consultation with our side, agreed to the consent request that was just made by the gentleman from California [Mr. SISK].

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. CURTIS of Missouri. Mr. Speaker, I withdraw my point of order.

IMPERIAL PLANE CRASH, RICHMOND, VA.

(Mr. WALTER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. WALTER. Mr. Speaker, this past week criticism was voiced on the House floor concerning the activities, or the alleged lack of activities, by the Attorney General in the matter of the Imperial plane crash of last November 8 at Richmond, Va.

I have closely followed the activities of the Criminal Division at the Department of Justice in regards to the investigation of this particular plane crash.

I think the Criminal Division is making a painstaking study of the evidence and should be congratulated for its work on this particular investigation.

I include with my remarks a copy of a letter received from Mr. Herbert J. Miller, Jr., Assistant Attorney General in charge of the Criminal Division at the Justice Department.

It follows:

SEPTEMBER 14, 1962.

HON. FRANCIS E. WALTER,
House of Representatives,
Washington, D.C.

DEAR MR. WALTER: This refers to your recent telephone conversation with Carl W. Belcher of this Division regarding the crash of the Imperial Airlines Constellation near Byrd Field, Richmond, Va., on November 8, 1961.

Briefly, the facts reflect that the plane departed from Columbia, S.C., at approximately 3:14 p.m., November 8, 1961, and passengers boarded the plane at Newark, N.J., Wilkes-

Barre, Pa., and Baltimore, Md. A short time after the plane left Baltimore, engines Nos. 3 and 4 ceased to operate, and it was decided to land the plane at Richmond. An attempt to land the plane on a runway at the Richmond Airport was abandoned because the plane was too high, and the landing gear was not down. When the plane was on a turn to make another approach to the airfield, another engine ceased to function properly; the aircraft decelerated rapidly, crashed into trees approximately a mile from the airfield, and almost immediately was enveloped in flames. Three crewmembers and 74 passengers died in the crash, and the only survivors were Capt. Ronald H. Conway, and Flight Engineer William F. Poythreft.

The Department's authority in this matter is limited to the question as to whether the facts warrant Federal criminal action, and particularly whether there is any basis for a charge of negligent homicide against the surviving crewmembers under subsection K of the aircraft piracy statute (75 Stat. 466, 49 U.S.C. 1472).

Inquiries regarding this case were received by the Department from Congressman FRANCIS E. WALTER, as well as Congressmen WILLARD S. CURTIN and CHARLES S. JOELSON and Senator CLIFFORD P. CASE. Written progress reports were submitted by the Department to Congressman CURTIN on February 28, 1962, and June 14, 1962; to Congressman JOELSON on February 16, 1962, and June 11, 1962; to Senator CASE on March 19, 1962, and June 14, 1962. Repeated telephone reports have been made to Congressman WALTER's office.

Since the report issued by the CAB dated February 6, 1962, was brought to our attention, we have given this matter preferred attention. On February 21, 1962, April 24, 1962, June 5, 1962, and August 8, 1962, we addressed letters to the Board requesting additional information regarding the accident. The allegations made in the CAB report and the reports submitted to the Board by Imperial Airlines.

On May 4, 1962, a conference was held in the Department, which was attended by representatives of the CAB and the FAA, for the purpose of discussing the conclusions made in the CAB report regarding the loss of power in engines Nos. 3 and 4 after the plane left Baltimore.

The discussion at the conference disclosed that those statements constitute a hypothesis or theory of the Board's safety staff as to the cause of malfunctioning of the engines. Included in the material received from the Board in the Department were the transcript (803 pages) of the hearings of the accident, conducted by the Board at Richmond, Va., and Miami Beach in November and December 1961; the transcript (709 pages) of the hearings conducted by an examiner of the Board in April 1962 on the appeal of Captain Conway from an emergency order of the Administrator of the Federal Aviation Agency revoking the airline transport pilot's rating certificate of Captain Conway, and the CAB order of June 8, 1962, affirming the revocation order.

This material was promptly reviewed in the Department after receipt from CAB.

Information received from the CAB on July 17, 1962, indicates that a resident of Columbia, S.C., may have additional information regarding the condition of the Constellation prior to the flight on November 8, 1961, and by letter dated August 8, 1962, we recommended that an investigator employed by the Board contact this individual and ascertain what information he has on the foregoing matter. After we receive the results of that interview, a determination will be made as to whether the case warrants further investigation or prosecution.

Sincerely yours,

HERBERT J. MILLER, Jr.,
Assistant Attorney General,
Department of Justice.

ONE-HUNDRED AND SEVENTY-FIFTH ANNIVERSARY OF THE CONSTITUTION OF THE UNITED STATES

The SPEAKER pro tempore. The Chair recognizes the gentleman from Iowa [Mr. SCHWENGEL] for the purpose of making an announcement.

Mr. SCHWENGEL. Mr. Speaker, several days ago, realizing that this is the 175th anniversary of the Constitution of the United States, I asked for 3 hours on a special order so that I could, along with many other Members of the House, talk about the advantages and the virtues that have come to us and to freedom as a result of this great document.

MOST SIGNIFICANT ANNIVERSARY, 175TH ANNIVERSARY OF THE CONSTITUTION

Mr. Speaker, 175 years ago the Constitutional Convention of 1787 convened in Philadelphia, and began the deliberations which produced the marvelous document, the Constitution of the United States. We know that document to be older than the constitution of any other presently existing government. Probably the framers of the Constitution never realized the durability of the instrument which they had created. Certainly some of them would have been satisfied, if they could have been assured on the day the convention adjourned that their handiwork would bind the States together in relative peace and prosperity for as long as 50 years. They could hardly have foreseen, although the more imaginative among them may have hoped, that it would serve as a frame of government for 175 years, during which the Nation would expand from the Atlantic to the Pacific, would expand from a population of 4-million to 187-million people, and would develop a civilization with spiritual and material advantages unparalleled in human history. So great has been the praise of this instrument that many have agreed, with Mr. Gladstone, who once said:

As the British Constitution is the most subtle organism which has proceeded from the womb and long gestation of progressive history, so the American Constitution is, so far as I can see, the most wonderful work ever struck off at a given time by the brain and purpose of man.

The Iowa motto is "Our liberties we prize and our rights we will maintain."

This, fellow countrymen, as so much of the eloquent and enabling political literature in our heritage, most surely was inspired by the Constitution, which we honor today. It indicates, in part at least, our feelings about the liberties which were both enunciated and guaranteed in the Declaration of Independence and the Constitution. These words found in our written heritage characterize both the understanding and the devotion to ideals that prevail in the hearts of American people as it does in the hearts of all who love liberty.

In times like this, one feels the impact of history. Nowhere can be found an area that has a richer and a more meaningful heritage, on liberty, than Independence Hall Center at Philadelphia where today a former President is speaking and where for many weeks with of-

ficials and leaders of Philadelphia each State in the order of their becoming a part of the Union have in their own way been commemorating this notable achievement at home and in Philadelphia.

As we commemorate the anniversary of the Constitution today we should remember, that first there was a compact on the *Mayflower*; there on that ship, really and truly, began American statesmanship.

In spite of the later tyrannies of New England—her intolerance, her cruelties to Quakers, her witcheries and her exile of dissenters—it is still true, that the hope of freedom saw the first light of day, in the cabin, of that stanch old, wooden, 180-ton ship, the *Mayflower*.

Hark and mark the phrases, "combine ourselves together into a body politic," "Just and equal lawes," ordinary acts, constitutions and offices," "as shall be thought most meete and convenient for the generall good."

So wrought, and wrote, the 102 seekers of liberty, before they set foot on the bleak shore, where they found only, what was to be known as a Plymouth Rock to greet them—John, Miles, Priscilla, and the rest.

How simple and adequate the words, "Just and equal lawes," and "the generall good."

How completely the express and compass the essence of free government. They and the other evidences of devotion mark the places, we call, "the altar of freedom" of which Lincoln spoke in a letter to Mrs. Bixby, two and a half centuries later.

Time moves on, and we note that liberty did not abide in New England—storm clouds appeared on the horizon—the Government of King George held sway—he and his kind, misjudged, the urge for freedom, and one night, the tea party in Boston harbor, announced his doom, on the North American Continent.

Then, soon, the "embattled farmers" fired "the shot heard round the world." Before its echo died there came forth, from the pen of some thoughtful men, brave men, words—meaningful words, spoken by Patrick Henry, written by Tom Paine, and thought on and acted on by Tom Jefferson and others.

A meeting was called in Philadelphia and finally came the second great document, the second great stride forward, toward self-government. Its principal author was a red-headed young man named Tom Jefferson, serving as chairman of the committee, with Adams, Franklin, Sherman, and Livingston.

Then the unanimous Declaration was signed in Philadelphia 186 years ago last July 4.

Fifty-six courageous men from Thirteen Colonies risked their lives and fortunes by signing it.

It made 1776 our natal year. Beginning, "When in the course of human events," it is an indictment of tyranny, an indictment that is bold, perpetual, and true.

It stands as a great monument in the hearts and minds of Americans and people everywhere who fought and fight for liberty. It was in the hearts and minds of all those patriots who toiled, who fought, and who sacrificed for freedom

expeditious and orderly conduct of the loan program. p. 18606

Began debate on amendment No. 19, to provide \$1,600,000 for AMS for construction of facilities and acquisition of the necessary land therefor, as authorized by law, to remain available until expended. pp. 18602-6

13. INDEPENDENT OFFICES APPROPRIATION BILL, 1963. Agreed to the conference report on this bill, H. R. 12711, but insisted on disagreement to several of the Senate amendments. pp. 18591-5
14. LEGISLATIVE BRANCH APPROPRIATION BILL, 1963. Began debate on the conference report on this bill, H. R. 11151. Action on one Senate amendment in disagreement was deferred. pp. 18606-10
15. FOREIGN AID APPROPRIATION BILL, 1963. The Appropriations Committee reported this bill, H. R. 13175 (H. Rept. 2410). p. 18639
16. LOANS; FHA. Passed as reported H. R. 12653, to amend the Consolidated Farmers Home Administration Act of 1961 in order to increase from \$150 million to \$200 million annually the amount of loans which may be insured under such Act. pp. 18611-2
Rep. Curtis, Mo., criticized the House procedures under which this bill failed to pass on Sept. 17. pp. 18595-6
17. WETLANDS. Concurred in the Senate amendments to H. R. 8520, to amend the Soil Conservation and Domestic Allotment Act, as amended, to add a new subsection to Sec. 16 to limit financial and technical assistance for drainage of certain wetlands. This bill will now be sent to the President. pp. 18590-1
18. TOBACCO. Passed as reported H. R. 12855, to amend provisions of the Agricultural Adjustment Act of 1938 providing for the lease and transfer of tobacco acreage allotments so as to exclude cigar-filler and cigar-binder tobacco, types 42,43,44,53,54 and 55 from the lease and transfer authority. pp. 18612-3
19. COOPERATION. Began debate on S. 3475, to authorize the Secretary of Agriculture to cooperate with States in administration and enforcement of certain Federal laws relating to the marketing of agricultural products and to the eradication or control of plant and animal disease and pests. (p. 18622). A similar bill, H. R. 12802, was passed without amendment earlier (pp. 18613-4).
20. PARKS. Began and concluded debate on S. 2429, to revise the boundaries of the Virgin Islands National Park, St. John, V.I. pp. 18615-22
21. PERISHABLE COMMODITIES. Received the conference report on S. 1037, to amend the Perishable Agricultural Commodities Act regarding fees, oral hearings, and relicensing (H. Rept. 2408). pp. 18622-3, 18639
22. TARIFFS. Received the conference report on H. R. 6682, to provide for the exemption of fowling nets from duty (H. Rept. 2412). pp. 18623-4, 18639
23. PERSONNEL. Received the conference report on H. R. 12180, to extend for a temporary period the existing provisions of the law relating to the free importation of personal and household effects brought into the U. S. under Government orders (H. Rept. 2413). pp. 18624, 18639
The Post Office and Civil Service Committee reported without amendment S. Con Res. 53, favoring travel by Federal employess on U.S. flag carriers (H. Rept. 2407). p. 18639

24. RECLAMATION. Rep. Olsen discussed the "60th anniversary of the Bureau of Reclamation, pioneering Federal public works agency which is still playing a prominent role in water resource development in Montana and elsewhere in the West," including its relationship with REA cooperatives. pp. 18636-8
25. MERCHANT MARINE AND FISHERIES COMMITTEE. The "Daily Digest" states that the Subcommittee on Fisheries and Wildlife Conservation of the Merchant Marine and Fisheries Committee "met in executive session and ordered reported favorably to the full committee H. R. 9547, regarding importation of salmon for sale within the U.S.; H. R. 11343 (amended), regarding the initiation of a salmon and steelhead development program in California; S. 3504 (amended), regarding representation of secretarial officers on the Migratory Bird Conservation Commission; and S. 3431, to consent to the amendment of the Pacific Marine Fisheries Compact. Passed over H. R. 10714, to provide for the distribution of the total net income from wildlife refuges administered by the U.S. Fish and Wildlife Service of the Department of the Interior." p. D860
26. AGRICULTURAL APPROPRIATION BILL, 1963. Attached to this Digest are additional notes relating to the tables in Digest 167 summarizing the action of the conferees on this bill, H. R. 12648. These notes were inadvertently omitted and should be attached to Digest 167 as page 12.

ITEMS IN APPENDIX

27. FARM PROGRAM. Extension of remarks of Sen. Hartke inserting an address by Claude R. Wickard, "Knowledge: The Key to a Century of Agricultural Progress." pp. A6890-2
Extension of remarks of Rep. May inserting reports by international farm youth delegates in Germany and Poland describing conditions on farms in those countries. pp. A6900, A6907-8
28. ELECTRIFICATION. Extension of remarks of Sen. Wiley inserting an article, "America's Power System," comparing production of electrical power in the United States and the Soviet Union. p. A6893
29. HOLIDAY. Extension of remarks of Rep. Green inserting an editor's letter protesting the proposed designation of Sept. 17 as a legal holiday. pp. A6899-900
30. MILK. Extension of remarks of Rep. Quie inserting an article suggesting a possible solution to some of the problems of the dairy industry, including an increase in advertising efforts. p. A6903

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COMMITTEE HEARINGS SEPT. 19:

Additional research facilities for experiment stations, S. Agriculture.

Federal pay bill, S. Civil Service (exec).

Watershed projects, H. Agriculture (exec).

Promotion of trade through mobile trade fairs, H. Merchant Marine and Fisheries (exec).

Naturally, I also hope you can come to West Virginia, for there will be more to see in 1963.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Public Law 86-184 is hereby amended by striking out, in section 1, line 7, the words "not more than two hundred thousand silver medals" and inserting in lieu thereof "not more than twenty platinum medals, twenty thousand silver medals, and seven hundred and fifty thousand bronze medals."

SEC. 2. Public Law 86-184 is further amended by striking out, in section 2(b), line 2, the words "in silver".

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

FARMERS HOME ADMINISTRATION, INCREASE AUTHORIZATION FOR INSURED LOANS

Mr. POAGE. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H.R. 12653) to amend the Consolidated Farmers Home Administration Act of 1961 in order to increase the limitation on the amount of loans which may be insured under subtitle A of such act.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 308 of the Consolidated Farmers Home Administration Act of 1961 is amended by striking out the figure "\$150,000,000" and inserting in lieu thereof the figure "\$300,000,000".

With the following committee amendment:

On page 1, line 6, strike out the figure "\$300,000,000" and insert "\$200,000,000".

The committee amendment was agreed to.

(Mr. JOHNSON of Wisconsin asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. JOHNSON of Wisconsin. Mr. Speaker, I respectfully urge my colleagues in the House to take favorable action on H.R. 12653, a bill which I introduced on July 23 of this year to increase the effectiveness of the Farmers Home Administration's insured loan program. Under the original provisions of my measure, the Consolidated Farmers Home Administration Act of 1961 would be amended in order to raise the amount of loans which may be insured by FHA each year from \$150 million to \$300 million.

Hearings were held on the proposed legislation on August 27 by the House Agriculture Committee's Conservation and Credit Subcommittee, which favorably reported the measure to the full committee. On September 12, members of the House Agriculture Committee

voted to favorably report an amended version of the bill which would increase the annual ceiling on the FHA insured loan program to \$200 million in order to take care of the immediate emergency facing this important and worthwhile program.

During the past fiscal year, which ended June 30, the demand for these FHA loans was so great that the \$150 million annual insurance authorization was exhausted by May 11. Because of the large number of applications on hand and the increasing demand for this type of credit, FHA officials estimate that the present limit on the fiscal 1963 program will be reached by December 31—6 months before the close of the fiscal year. Passage of H.R. 12653 will enable the program to continue through the first few months of 1963 and give the 88th Congress time to consider a long-range remedy for the existing problem. I intend to introduce such a long-range bill on the opening day of the 88th Congress.

Mr. Speaker, in the meanwhile, I feel we must deal with the immediate emergency. For the past few months, insured loans have been made at the rate of about \$25 million per month, which adds up to \$300 million a year. During fiscal 1962, applications for insured loans were received at the rate of 3,600 a month. As of June 30, 1962, county FHA offices reported they had 16,561 insured loan applications on hand. Of that number, 4,470 had been processed to the point where it was determined that loans could be made.

In my home State of Wisconsin, nearly 600 applications for initial FHA farm ownership loans were on hand at the end of June. In the 12-month period preceding July 1, about 1,500 of these loans were made to Wisconsin farm families.

As you know, the FHA insured loan program is a cooperative program with private investors and does not require appropriations from the U.S. Treasury. Private investors provide funds to help eligible farmers enlarge, develop and buy family farms, to refinance debts and to develop community water systems. The loans are made and serviced by the Farmers Home Administration, which collects the principal and interest payments when due and forwards the receipts to the lenders after retaining one-half of 1 percent for insurance. Lenders agree to hold the notes for at least 3 years. If borrowers default, the Government agrees to make the payments.

Insured loans are made only when a farmer is unable to obtain the credit he needs from other sources. Banks, pension funds, insurance companies and trust funds are the principal investors. The loans return 4.5 percent interest to the lender.

Mr. Speaker, since the FHA insured loan program was started in 1947, \$15,652,259 has been invested in Wisconsin alone. For the Nation as a whole, the figure stands at approximately \$390 million. Repayments of principal have totaled more than \$100 million. Losses have amounted to less than one-tenth of 1 percent, which certainly is a small loss for a loan program.

Several factors contributed to the

rapid increase in the volume of farm ownership loans during fiscal 1962. The Agricultural Act of 1961 broadened the scope of the farm ownership program to enable FHA to make loans to acquire and enlarge the full range of family farms. Previously, FHA was limited to making such loans on a rather narrow segment of family farms. In addition, insured loans can now be made for 100 percent rather than 90 percent of the normal value of the farm.

The act also improved the insured loan program by making it more attractive to investors. They now may receive 4½ percent interest on their investment rather than 4 percent and can sell the insured notes back to the Federal Government after 3 years rather than 5 years.

Mr. Speaker, the trend toward larger farms has naturally increased the demand for farm enlargement loans. As the rural areas development program gains momentum, an even larger number of small farmers will be encouraged to take advantage of this method of rounding out their farms.

The increasing use of credit in purchasing farmland also contributes to the demand for FHA loans. More than 80 percent of all land purchases during the year ending March 1 involved the use of credit, which is a record high. As recently as 1946, less than half of farmland transfers were credit financed.

The growing percentage of farmland transfers financed with the use of an installment sales contract has influenced the rise in FHA real estate loans. In 1946, only 11 percent of all transfers were made by contract. This year, about 30 percent of all transfers are being made with this financing device. Many of these contracts contain terms that cannot be met by the farmer and result in his applying to the Farmers Home Administration for refinancing.

Last, but not least, it is my opinion that farmers are aware that the present Administration is more responsive to their needs, and this has prompted many to seek credit assistance.

Mr. Speaker, the funds for investment under the FHA insured loan program are available. One of the most progressive of our labor unions has offered to invest \$10 million in these loans over a 4-year period. The funds of this organization, as well as those of the banks and other lenders which are investing in insured farm loans, will be diverted to other markets unless prompt action is taken.

Obviously, the FHA insured loan program has many merits. Farmers who receive the loans are able to strengthen their operations. Rural communities in which the loans are made are fortified not only by the improvements financed by the loans, but also with the increased trade that is brought about by the expenditure of loan funds.

In addition, the use of insured loan funds rather than appropriated funds lessens the strain on the U.S. Treasury. An increase in the authorized amount of insured loans will reduce the need for direct Government loan funds for farm ownership and soil and water conserva-

tion loans. During fiscal 1962, the obligation of direct funds was discontinued almost entirely for several months while the \$150 million of insured loan authority was available. Under current money market conditions, an increase in the loan insurance authorization would permit meeting the credit needs of most of the applicants for farm ownership and soil and water conservation loans with insured funds, thus effecting a savings in sums authorized to be obligated for direct loans.

Mr. Speaker, the House Agriculture Committee, of which I am a member, heard testimony last month on the Committee for Economic Development's "Adaptive Program for Agriculture," which proposes to dispose of the farm problem over a 5-year period by moving 2 million farmers off the land and into the cities—already plagued by unemployment. Rather than adding 2 million displaced farmers to the ranks of the unemployed, I feel a much more humanitarian and practical solution would be the enactment of various types of farm legislation to help farmers stay in rural communities. H.R. 12653 certainly falls into this category.

The need is apparent. Thousands of family-type farmers will be deprived of the credit they need to continue and strengthen their operations unless prompt action is taken in this area. If action to raise the ceiling on the FHA insured loan program is delayed until the next Congress meets, there will be several months when credit of this type is not available to our farmers. This period will occur at a time of year when the funds are most needed. I urge my colleagues to take favorable action on H.R. 12653 so that it can be enacted into law before the close of the 87th Congress.

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

AMENDING AGRICULTURAL ADJUSTMENT ACT OF 1938 RELATING TO LEASE AND TRANSFER OF TOBACCO ACREAGE ALLOTMENTS

Mr. POAGE. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H.R. 12855) to amend the Agricultural Adjustment Act of 1938 relating to the lease and transfer of tobacco acreage allotments.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Agricultural Adjustment Act of 1938, as amended, is further amended to change the language enclosed in parenthesis in the first sentence of section 316(a) to read "(other than a Burley tobacco acreage allotment, and for the 1963 crop year, other than a cigar-filler and cigar-binder (types 42, 43, 44, 53, 54, and 55) tobacco acreage allotment)."

With the following committee amendments:

Page 1, line 4, strike out "to change" and insert "(1) by changing".

Page 1, line 9, strike out the period, add a semicolon following the quotation marks and the following: "and (2) by striking the period and inserting at the end of the second sentence of subsection 316(b) the following: 'Provided, That no such lease shall be renewed for 1963 for cigar-filler and cigar-binder (types 42, 43, 44, 53, 54, and 55) tobacco.'"

The committee amendments were agreed to.

(Mr. JOHNSON of Wisconsin asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. JOHNSON of Wisconsin. Mr. Speaker, I want to urge my colleagues in the House to take favorable action on H.R. 12855, a bill which I introduced on August 9 of this year. Under the provisions of this measure, cigar-filler and cigar-binder tobacco would be exempted from the tobacco allotment leasing provisions of the 1963 tobacco program. Included in this category are types 42, 43, 44, 53, 54, and 55 tobacco.

Tobacco growers in my home State of Wisconsin raise types 54 and 55 tobacco, and they are unanimously in their support of this bill. The need for this legislation was called to my attention by the two major farm organizations in the State, the Wisconsin Farmers Union and the Wisconsin Farm Bureau Federation.

Subsequently, the directors of the Northern Wisconsin Cooperative Tobacco Pool of Viroqua, Wis., unanimously adopted a resolution which reads, as follows:

Resolved, That the board of directors of the Northern Wisconsin Cooperative Tobacco Pool go on record as being opposed to the lease and transfer of tobacco acreages for 1963 and that they encourage Members of our U.S. Congress to take the necessary action to have Wisconsin excluded from this law.

George E. Nettum, general manager of this tobacco cooperative, and J. Clark Johnson, a director, came here from Wisconsin in order to testify in support of my bill at hearings held August 27 by the Tobacco Subcommittee of the House Agriculture Committee.

Also making the trip to Washington to testify in favor of the legislation were Eugene Bergum, manager of the Wisconsin Cooperative Tobacco Growers Association of Edgerton, Wis., and William KasaKaitas, secretary of the Wisconsin Farm Bureau Federation. Gilbert Rohde, president of the Wisconsin Farmers Union, submitted a statement in support of the measure, as did Robert Cool, manager of the Cigar Tobacco Cooperative, of Miamisburg, Ohio, whose members grow types 42, 43, and 44 tobacco.

Mr. Speaker, it is my opinion—and the opinion of the tobacco growers I have mentioned—that the allotment leasing program in cigar-filler and cigar-binder tobacco is operating against the intent of the tobacco program. The present supply and demand situation in these types of tobacco required Wisconsin growers to take a 15 percent cut in allotments in 1962. However, this reduc-

tion has been offset to a large extent by the leasing of tobacco acreage allotments that are not being used on the farms to which they have been allotted.

In 1961, only 71.8 percent of Wisconsin's total tobacco acreage allotment of 19,110 acres was used for harvest. During that year, 2,159 of the 6,619 farms with tobacco allotments grew no tobacco at all. However, in 1962, tobacco allotments from 581 farms have been leased to 678 farms in the State. These leases involved 921.05 acres of tobacco land.

To put it another way, 8,300 acres of northern Wisconsin—or type 55—tobacco were harvested in 1961. According to a U.S. Department of Agriculture estimate made on July 1 of this year, around 7,500 acres of type 55 tobacco will be harvested in Wisconsin this fall. This acreage represents about a 10 percent reduction over 1961—which is 5 percent short of the required 15 percent allotment reduction.

As far as southern Wisconsin—or type 54—tobacco is concerned, it was harvested on 5,400 acres in 1961. This year, an estimated 4,900 acre of type 54 tobacco have been planted. This reduction falls short of the desired cut of 15 percent by better than 5 percent. Since Wisconsin tobacco raisers have had an excellent growing season, it is safe to assume that the supply of cigar-binder and cigar-filler tobacco will exceed the demand by better than 5 percent. As a result, tobacco growers will be faced with an even greater reduction in allotments for 1963.

Mr. Speaker, we are all well aware that even a 5-percent excess supply can upset markets, drive down prices, and create a surplus which could endanger the stable system we have established through the tobacco program. It has been a very successful program, which, over the years, has enabled tobacco farmers to receive close to 90 percent of parity for their product without substantial cost to taxpayers. Tobacco farmers have demonstrated their willingness to adjust supply to demand in order to get a fair price in the marketplace. Their support of this program is evidenced by the fact that 95.4 percent of the tobacco growers voting in the 1960 Wisconsin tobacco referendum approved a tobacco supply-adjustment program covering the next 3 years.

Our present difficulty in the cigar-binder and cigar-filler tobacco area arises not because the tobacco growers have been unwilling to make the required 15 percent cut in production, but rather because the new tobacco allotment leasing provision encourages them to lease unused allotments and bring them back into production. This situation works a hardship on the regular grower, who has made the required reduction in production and is left with an uneconomic unit and the unhappy choice of either bidding against others for whatever acreage is available for lease—or else retiring from active tobacco growing and leasing his allotment to those who remain.

Obviously, this arrangement introduces an unnecessary cost factor into tobacco production. Furthermore, it tends

H. R. 12653

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 19, 1962

Read twice and referred to the Committee on Agriculture and Forestry

AN ACT

To amend the Consolidated Farmers Home Administration Act of 1961 in order to increase the limitation on the amount of loans which may be insured under subtitle A of such Act.

- 1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 308 of the Consolidated Farmers Home Admin-
4 istration Act of 1961 is amended by striking out the figure
5 “\$150,000,000” and inserting in lieu thereof the figure
6 “\$200,000,000”.

Passed the House of Representatives September 18,
1962.

Attest:

RALPH R. ROBERTS,

Clerk.

AN ACT

To amend the Consolidated Farmers Home Administration Act of 1961 in order to increase the limitation on the amount of loans which may be insured under subtitle A of such Act.

SEPTEMBER 19, 1962

Read twice and referred to the Committee on
Agriculture and Forestry

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For information only;
should not be quoted
or cited)

Issued Oct. 2, 1962
For actions of Oct. 1, 1962
87th-2d, No. 178

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HIGHLIGHTS: For highlights see page No. 8.

SENATE

1. AGRICULTURE AND FORESTRY COMMITTEE reported the following bills: p. 20245

S. 3756, without amendment, to amend Sec. 309 of the Food and Agriculture Act of 1962 so as to provide that a farm marketing quota on the 1963 wheat crop shall be applicable to any farm on which acreage of wheat exceeds the smaller of 15 acres or the highest number of acres planted to wheat on the farm in calendar years 1959, 1960, 1961, or 1963 (instead of 1959, 1960, or 1961) (S. Rept. 2224).

H. R. 12653, without amendment, to amend the Consolidated Farmers Home Administration Act of 1961 in order to increase from \$150 million to \$200 million annually the amount of loans which may be insured under the Act (S. Rept. 2220).

H. R. 10708, with amendment, to amend the Rural Electrification Act with respect to financing communication facilities for transmission of sounds, signals, pictures, writing, and signs, as well as voice (S. Rept. 2221).

- H. R. 12855, without amendment, to amend provisions of the Agricultural Adjustment Act of 1938 providing for the lease and transfer of tobacco acreage allotment so as to exclude cigar-filler and cigar-binder tobacco, types 42,43,44,53,54, and 55 from the lease and transfer authority (S. Rept. 2222).
- H. R. 946, without amendment, to extend to oyster planters the benefits of the provisions of present law which provide for production disaster loans for farmers and stockmen (S. Rept. 2219).
- S. 3370, with amendment, to authorize the Secretary of Agriculture to relinquish to Wyo. jurisdiction over those lands within the Medicine Bow National Forest known as the Pole Mountain District (S. Rept. 2223).
2. APPROPRIATIONS; BUDGET. Received from the President supplemental appropriations for fiscal year 1963 for this Department (S. Doc. 152)(p. 20245). Attached to this Digest is a summary of the items pertaining to this Department.
 3. PUBLIC WORKS APPROPRIATION BILL, 1963. Passed with amendments this bill, H.R. 12900. Conferees were appointed. pp. 20239-45
 4. FARM PROGRAM. Sen. Humphrey criticized charges of the Republican National Committee against the Food and Agriculture Act of 1962 as "a deliberate and reckless attempt to turn farmers against consumers and city dwellers against rural America," and defended the Act against these charges. Sen. Kuchel defended the charges and contended that the farm bill had merited defeat. pp. 20335-6
Sen. Kuchel inserted an editorial critical of the farm program and relating experiences of Sen. Anderson in conducting farm operations under the program. p. 20336
 5. WORLD FOOD CONGRESS. The "Daily Digest" states that the Foreign Relations Committee approved with amendment S. 3679, to authorize funds to enable the U. S. to extend an invitation to the Food and Agricultural Organization of the U. N. to hold a World Food Congress in the U. S. in 1963. p. D917
 6. WATERSHEDS. The Agriculture and Forestry Committee approved the following watershed projects: Crooked Bayou, Ark.; West Fork Pond River, Ky., and Hardin Creek and Mill Creek, Tenn. p. D916
 7. PUBLIC WORKS. The Public Works Committee reported without amendment (an original bill) S. 3773, the public works authorization bill (S. Rept. 2258), p. 20246
 8. FOREIGN AID APPROPRIATION BILL, 1963. Began debate on this bill, H. R. 13175 (pp. 20248, 20260-2, 20270-92, 20298-329). By a vote of 34 to 40, rejected an amendment by Sen. Ellender to reduce by \$200 million the amounts for development loans and economic assistance (pp. 20314-9).
 9. STATE, JUSTICE, AND COMMERCE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATION BILL, 1963. The Appropriations Committee reported with amendments this bill, H. R. 12580 (S. Rept. 2226). p. 20245
 10. STATISTICS. The Post Office and Civil Service Committee reported without amendment H. R. 7791, to provide for the collection and publication of foreign commerce and trade statistics (S. Rept. 2217). p. 20245

FARMERS HOME ADMINISTRATION INSURED LOANS

OCTOBER 1, 1962.—Ordered to be printed

Mr. HOLLAND, from the Committee on Agriculture and Forestry,
submitted the following

R E P O R T

[To accompany H.R. 12653]

The Committee on Agriculture and Forestry, to whom was referred the bill (H.R. 12653), to amend the Consolidated Farmers Home Administration Act of 1961 in order to increase the limitation on the amount of loans which may be insured under subtitle A of such act, having considered the same, report thereon with a recommendation that it do pass without amendment.

This bill would increase the amount of loans which might be insured in any year under subtitle A of the Consolidated Farmers Home Administration Act from \$150 to \$200 million. The need for this legislation and the favorable report of the Department of Agriculture are set out in the attached report of the House Committee on Agriculture.

[H. Rept. 2378, 87th Cong., 2d sess.]

The Committee on Agriculture, to whom was referred the bill (H.R. 12653) to amend the Consolidated Farmers Home Administration Act of 1961 in order to increase the limitation on the amount of loans which may be insured under subtitle A of such act, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Page 1, line 6, strike out the figures "\$300,000,000" and insert "\$200,000,000".

PURPOSE

The purpose of this bill is to increase from \$150 million annually to \$200 million annually the amount of loans which may be insured under the Consolidated Farmers Home Administration Act of 1961.

NEED FOR THE LEGISLATION

A substantial part of the FHA loan program for farmers is carried out by insuring loans made by private credit agencies which meet the standards and requirements of the Farmers Home Administration, rather than by the direct use of Federal funds. The current authorization for such loans, enacted as part of the Agricultural Act of 1961, limits the amount of insured loans in any fiscal year to \$150 million. The demand for insured loans was so great during the last previous fiscal year that the \$150 million annual insurance authorization was exhausted on May 11, 1962. This bill will permit FHA to meet this demand for agricultural credit at least for the current fiscal year by increasing the authorization for insured loans to \$200 million.

COMMITTEE AMENDMENT

The bill as introduced would have authorized an increase in the amount of insured loans to \$300 million. The Secretary of Agriculture in reporting favorably on the bill recommended that this be reduced to \$200 million and the committee has followed this recommendation.

COST

There will be no appreciable increase in administrative cost as the result of this legislation and, on the contrary, it will permit a substantial increase in FHA loans to farmers with the use of private funds rather than Federal funds.

DEPARTMENTAL APPROVAL

Following is the letter from the Secretary of Agriculture recommending enactment of H.R. 12653, as amended.

U.S. DEPARTMENT OF AGRICULTURE,
Washington, D.C., September 10, 1962.

HON. HAROLD D. COOLEY,
*Chairman, Committee on Agriculture,
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: This is in reply to your request of July 25, 1962, for a report on H.R. 12653, a bill to amend the Consolidated Farmers Home Administration Act of 1961 in order to increase the limitation on the amount of loans which may be insured under subtitle A of such act.

The bill would increase from \$150 to \$300 million the amount of loans that could be insured annually under title III of the Agricultural Act of 1961. Several types of loans are insured under this authorization. Farmownership loans are made to families with a farm background and experience or training to help them buy, enlarge, or develop farms and to refinance debts. Soil and water conservation loans may be

made to individual farmers to help them improve, protect, and properly use their farmland by providing adequate financing for water development and conservation and soil conservation and use. Loans also may be made under this title to public bodies and nonprofit associations for the development and use of water and soil conservation practices and drainage to serve farmers, ranchers, and other rural residents.

The demand for insured loans for these purposes was so great last fiscal year that the \$150 million annual insurance authorization was exhausted on May 11, 1962. On the basis of the large number of applications on hand and the increasing demand for this type of credit, we anticipate that the \$150 million authorization will be reached during the first 6 months of the 1963 fiscal year.

For the past several months, insured loans were made at the rate of about \$25 million monthly or an annual rate of \$300 million. As of June 30, 1962, county offices reported 16,561 applications for insured loans on hand, of which 4,470 had been processed to the point that it was determined that loans could be made. Applications for insured loans were received at the rate of 3,600 per month for the 1962 fiscal year. During the 1962 fiscal year, insured soil and water conservation loans to individuals and to public bodies and nonprofit associations totaled about \$7 million, and the balance of the \$150 million insurance authorization was used for the insurance of farmownership loans.

An increase in the authorized amount of insured loans will reduce the need for direct Government loan funds for farmownership and soil and water loans. During the fiscal year 1962, the obligation of direct funds was discontinued almost entirely for several months while the \$150 million of insured loan authority was available. Under current money market conditions, an increase in the loan insurance authorization would permit meeting the credit needs of most of the applicants for farmownership and soil and water loans with insured funds, and would thus effect a savings in sums authorized to be obligated for direct loans.

This Department recommends passage of the bill. Due to the considerations indicated to the Conservation and Credit Subcommittee by Assistant Secretary Baker in his oral testimony of August 27, we recommend that the authorization be raised to \$200 million rather than \$300 million. The \$200 million will provide sufficient additional authorization to permit the program to continue uninterrupted into next year. This would provide additional time to consider the problems referred to by Assistant Secretary Baker.

The Bureau of the Budget advises that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely yours,

ORVILLE L. FREEMAN, *Secretary.*

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

CONSOLIDATED FARMERS HOME ADMINISTRATION ACT OF 1961,
AS AMENDED

* * * * *

SEC. 308. Loans under this subtitle may be insured by the Secretary, aggregating not more than **[\$150,000,000]** *\$200,000,000* in any one year, whenever funds are advanced or a loan is purchased by a lender other than the United States. In connection with insurance of loans, the Secretary—

(a) is authorized to make agreements with respect to the servicing of loans insured hereunder and to purchase such loans on such terms and conditions as he may prescribe, except that no agreement shall provide for purchase by the Secretary at a date sooner than three years from the date of the note; and

(b) shall retain out of payments by the borrower a charge at a rate determined by the Secretary from time to time equivalent to not less than one-half of 1 per centum per annum on the principal unpaid balance of the loan.

Any contract of insurance executed by the Secretary under this subtitle shall be an obligation supported by the full faith and credit of the United States and incontestable except for fraud or misrepresentation of which the holder has actual knowledge.



Calendar No. 2182

87TH CONGRESS
2^D SESSION

H. R. 12653

[Report No. 2220]

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 19, 1962

Read twice and referred to the Committee on Agriculture and Forestry

OCTOBER 1, 1962

Reported by Mr. HOLLAND, without amendment

AN ACT

To amend the Consolidated Farmers Home Administration Act of 1961 in order to increase the limitation on the amount of loans which may be insured under subtitle A of such Act.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 308 of the Consolidated Farmers Home Admin-
4 istration Act of 1961 is amended by striking out the figure
5 “\$150,000,000” and inserting in lieu thereof the figure
6 “\$200,000,000”.

Passed the House of Representatives September 18,
1962.

Attest:

RALPH R. ROBERTS,

Clerk.

87TH CONGRESS
2^D Session

H. R. 12653

[Report No. 2220]

AN ACT

To amend the Consolidated Farmers Home Administration Act of 1961 in order to increase the limitation on the amount of loans which may be insured under subtitle A of such Act.

SEPTEMBER 19, 1962

Read twice and referred to the Committee on
Agriculture and Forestry

OCTOBER 1, 1962

Reported without amendment

11. LOANS. Passed without amendment H. R. 12653, to amend the Consolidated Farmers Home Administration Act of 1961 in order to increase from \$150 million to \$200 million annually the amount of loans which may be insured under the Act. This bill will now be sent to the President. pp. 20491-2
Passed without amendment H. R. 946, to extend to oyster planters the benefits of the provisions of present law which provide for production disaster loans for farmers and stockmen. This bill will now be sent to the President. p. 20491
12. SCHOOL LUNCH. Both Houses received and the Senate agreed to the conference report on H. R. 11665, to amend the National School Lunch Act so as to revise the formula for apportioning cash assistance funds to States to base it on the number of lunches served in the preceding year and a slightly modified assistance need factor (instead of on the number of children aged 5 to 17 and the assistance need factor) and provide for a three-year transition to the new formula (25 percent of the funds being apportioned on the new formula the first year, 50 percent the second year, and 75 percent on the new formula the third year)(H. Rept. 2512). pp. 20535, 20595-6, 20571, 20650
13. FOREIGN AID APPROPRIATION BILL, 1963. By a vote of 57 to 24, passed with amendments this bill, H. R. 13175. Conferees were appointed. pp. 20446-68, 20494-5, 20500-03, 20510-3
14. WORLD FOOD CONGRESS. The Foreign Relations Committee reported with amendment S. 3679, to authorize appropriations to enable the U. S. to extend an invitation to the Food and Agricultural Organization of the U. N. to hold a World Food Congress in the U. S. in 1963 (S. Rept. 2263). p. 20514
15. MINERALS. Passed as reported S. 1696, to authorize the Secretary of the Interior to conduct a survey of federally-owned lands for the purpose of locating strategic minerals. pp. 20475-6
16. TOBACCO. Passed without amendment H. R. 12855, to amend the Agricultural Adjustment Act of 1938 providing for the lease and transfer of tobacco acreage allotments so as to exclude cigar-filler and cigar-binder tobacco, types 42, 43, 44, 53, 54, and 55 from the lease and transfer authority. This bill will now be sent to the President. p. 20492
17. ELECTRIFICATION. Passed as reported H. R. 10708, to amend the Rural Electrification Act of 1936 so as to authorize REA to finance communication facilities for the transmission of sounds, signals, pictures, writing, or signs as well as voice. p. 20492
18. EDUCATION. Passed as reported S. 3477, to provide a program to assist the States in further developing their programs of general university extension education to be operated by the State universities and land-grant colleges. pp. 20476-8
19. FORESTRY. Passed as reported S. 3370, to authorize the Secretary of Agriculture to relinquish to Wyo. jurisdiction over those lands within the Medicine Bow National Forest known as the Pole Mountain District. p. 20492
Sen. Yarborough inserted an article discussing the purpose and problems of the national parks, "National Parks - A National Issue." pp. 20492-3
20. BONDING. Received from Treasury a report on operations in connection with the bonding of Government officers and employees for fiscal year 1962. pp. 20513-4
21. COMMUNICATIONS. The Government Operations Committee reported without amendment H. R. 11899, to amend the Federal Property and Administrative Services Act so

- as to provide for a Federal telecommunications fund (S. Rept. 2262). p. 20514
22. WATER POLLUTION. Passed without amendment H. R. 10617, to give the U. S. district courts concurrent original jurisdiction of cases involving the pollution of interstate river systems where the pollution is an alleged violation of an interstate compact and the signatory States have consented to such jurisdiction in their compact. This bill will now be sent to the President. pp. 20479-80
23. PUBLIC LANDS. Passed without amendment H. Con. Res. 574, to authorize the compiling and printing of a U. S. map showing the extent of public surveys, national forests, national parks, reclamation projects, etc. p. 20487
24. APPROPRIATIONS. Sen. Smathers submitted notice of his intention to suspend the rules for the purpose of proposing an amendment to H. R. 13290, the supplemental appropriation bill, so as to include the provisions of a recently passed bill to provide for retirement plans for self-employed individuals. pp. 20515-21
25. PASSED OVER the following bills:
S. 2225, to fix the fees payable to the Patent Office. p. 20473
H. R. 8140, to strengthen the laws relating to conflict of interest. p. 20480
26. LIBRARY. Sen. Jordan inserted a report of the Library of Congress on its functions and programs. pp. 20523-31
27. TRADE FAIRS. Conferees were appointed on S. 3389, to promote the foreign trade of the U. S. through the use of mobile trade fairs. House conferees have not yet been appointed. p. 20535
28. MIGRATORY BIRDS. Concurred in the House amendment to S. 3504, to authorize the appropriation of \$7500 for expenses of the Migratory Bird Conservation Commission. This bill will now be sent to the President. p. 20540
29. TRANSPORTATION. Agreed to the conference report on S. 320, to amend the Interstate Commerce Act so as to permit State commissions to grant the right to motor common carriers operating within a single State to engage in interstate or foreign operations within the State. This bill will now be sent to the President. pp. 20546-7
30. PATENTS. Passed as reported S. 2639, to amend title 35, U.S.C., to permit a written declaration to be accepted in lieu of an oath from applicants for patents or trademarks. pp. 20566-7
Passed as reported H. R. 12513, to provide for public notice of settlements in patent interferences. p. 20566
31. STATE-JUSTICE-COMMERCE APPROPRIATION BILL, 1963. This bill, H. R. 12580, was made the unfinished business of the Senate. p. 20567
32. WATERSHEDS. The "Daily Digest" states that the Public Works Committee "in executive session, approved the following watershed projects: Tobesoskee Creek, Ga.; Cottonwood Creek, Okla.; Delaware Creek, Okla.; and Boulder Lake Watershed, Wyo." p. D927
33. LEGISLATIVE PROGRAM. Sen. Mansfield announced that H. R. 8140, to strengthen the criminal laws relating to bribery, graft, and conflict of interest, will be considered on Wed., followed by the State, Justice, and Commerce appropriation bill; the conference report on the drug bill; and the conference report on the

The bill (S. 3760) was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 201 of the National Defense Education Act of 1958 is amended by striking out "each for the fiscal year ending June 30, 1962, and for the two succeeding fiscal years" and inserting in lieu thereof "for the fiscal year ending June 30, 1962, \$125,000,000 each for the fiscal year ending June 30, 1963, and the succeeding fiscal year".

(b) Section 203(b) of such Act is amended by striking out "\$250,000" and inserting in lieu thereof "\$500,000".

Sec. 2. Section 302(a)(4) of such Act is amended to read as follows:

"(4) The amount of any State's allotment under this subsection for any fiscal year which the Commissioner determines will not be required for such fiscal year for carrying out the part of the State plan (if any) approved under this part for which such allotment is available shall be available for reallocation from time to time, on such dates during such year as the Commissioner may fix, to other States in proportion to the original allotments to such States under this subsection, but with such adjustments as may be necessary to prevent reallocation to any State of any sum in excess of the amount which the Commissioner estimates it needs and will be able to use for such year for carrying out the part of the State plan for which the amount reallocated would be available. Any amount reallocated to a State under this paragraph during the year from funds appropriated pursuant to the first sentence of section 301 shall be deemed part of its allotment under this subsection for such year."

Sec. 3. Section 303(a)(1) of such Act is amended by striking out "suitable" and inserting in lieu thereof the following: "and of test-grading equipment, equipment for use by teachers or students in public elementary or secondary schools for producing or reproducing audiovisual materials for instructional purposes, and specialized equipment for audiovisual libraries or centers serving such schools,".

EXTENSION TO OYSTER PLANTERS OF BENEFITS OF DISASTER LOANS FOR FARMERS AND STOCKMEN

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 2181, House bill 946.

The PRESIDING OFFICER. Is there objection?

There being no objection, the bill (H.R. 946) to extend to oyster planters the benefits of the provisions of the present law which provide for production disaster loans for farmers and stockmen was considered, ordered to a third reading, was read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report—No. 2219—explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

The Committee on Agriculture and Forestry, to whom was referred to bill (H.R. 946) to extend to oyster planters the benefits of the provisions of the present law which provide for production disaster loans for farmers and stockmen, having considered

the same, report thereon with a recommendation that it do pass without amendment.

This bill would authorize disaster loans to oyster planters under subtitle C of the Consolidated Farmers Home Administration Act of 1961. Hearings were held by the subcommittee in charge of this legislation and have been printed. There was no opposition to the bill.

At the hearing several witnesses proposed an amendment to include shrimp fishermen. The committee considered this amendment carefully, but felt that the inclusion of fishermen who move from place to place in their operations and whose operations have none of the incidents of farming should not be included in a farm loan bill. As pointed out in the attached report of the House Committee on Agriculture, oystermen generally are not covered by the bill, but only oyster planters. Oyster planters plant, cultivate, and harvest their crops like other farmers and have been treated as farmers in other farm loan legislation.

The report * * * of the House Committee on Agriculture * * * further explains the bill and the need for its enactment:

"[H. Rept. No. 1502, 87th Cong., 2d sess.]

"The Committee on Agriculture, to whom was referred the bill (H.R. 946) to extend oyster planters the benefits of the provisions of the present law which provide for production disaster loans for farmers and stockmen, having considered the same, report favorably thereon with amendments and recommend that the bill do pass.

"The amendments are as follows:

"Strike out all after the enacting clause and insert:

"That subsection (v) of section 321 of the Consolidated Farmers Home Administration Act of 1961 is amended by striking out "farmers or ranchers" and inserting "farmers, ranchers, or oyster planters" and by striking out "farming or ranching" and inserting "farming, ranching, or oyster planting".

"PURPOSE

"The bill would amend the emergency loan provisions of the Consolidated Farmers Home Administration Act of 1961 to make it clear that oyster planters are included among the eligible recipients of such loans.

"Emergency loans as authorized by this act may be made by the Farmers Home Administration only in so-called disaster areas which have been designated by the Secretary of Agriculture as the result of a finding (1) that there exists in such area a general need for agricultural credit which cannot be met for temporary periods of time by private, cooperative, or other responsible sources (including loans under regular FHA real estate or production loan authorities) at reasonable rates and terms for loans for similar purposes and periods of time, and (2) that the need for such credit in such area is the result of a natural disaster.

"Such loans may be made for any of the purposes for which regular FHA real estate or production loans may be made but only in the event of the three conditions noted above (1) that there has been a natural disaster in the area, (2) that agricultural credit is not available from any other responsible source, and (3) that the area has been designated as a disaster area by the Secretary of Agriculture. Inclusion of oyster planters in this disaster loan program would not make them eligible for regular FHA loans.

"NEED FOR THE LEGISLATION

"The immediate need for the legislation is, of course, the disaster which has struck the oyster-producing area of the Atlantic coast as the result of the recent destructive storm. This storm washed over the outer sand barriers and into the bays and inlets where oysters are produced. It covered many

of the beds with sand, killing the oysters therein, and otherwise caused serious damage, if not complete destruction, of many of the oysterbeds. This will require rehabilitation of the beds, in some instances the establishment of a new rock bottom on which the oysters may grow, and certainly the replanting of the beds to new oysters.

"Oystermen are distinguished from other producers of seafoods in at least two respects: (1) Oysters do not travel from place to place but remain fixed at one locality after a very early stage of their development; and (2) most oysters are grown on legally designated plots of land beneath the surface of bays and salt water inlets which are marked by fixed boundaries and which either belong to the oyster planter or are leased from some State or other agency for the purpose of oyster production. In addition, oysters are planted, cultivated, and harvested much as any other agricultural crop and are ordinarily produced on land which has been specially prepared for that purpose.

"In this connection, it will be noted that the committee has used the words "oyster planters" rather than "oystermen" to distinguish the operation described above from that of searching for oysters in the open sea and harvesting them from wild beds.

"The concept that oyster planters might be considered farmers under the provisions of the agricultural loan programs is not a new one. By the act of June 18, 1934 (12 U.S.C. 1131g-2) Congress authorized production credit associations, operating under the Farm Credit Administration, to make loans to oyster planters. The authority for FHA emergency loans contained in this bill does not duplicate this authority, since the emergency loan provisions of the act provide that such loans may not be made to any farmers (including oyster planters) if credit is available from other sources, including production credit associations.

"COST

"Since the total amount of loans by the Farmers Home Administration is authorized from year to year by the Congress and since the emergency loans to oyster planters which might be made pursuant to the authority of this bill would come within that total authorization, there would not be any additional cost to the Government as the result of the enactment of this bill.

"COMMITTEE AMENDMENT

"H.R. 946 was introduced on January 3, 1961, before the enactment in the Agricultural Act of 1961 of the Consolidated Farmers Home Administration Act of 1961. This act consolidated the many laws relating to FHA loan operation into one statute and repealed a number of previous statutes relating to specific parts of the loan program, including the act of April 6, 1949, which H.R. 946 would have amended. The committee amendment, therefore, merely applies the purpose of H.R. 946 to the law as it exists today."

AMENDMENT OF CONSOLIDATED FARMERS HOME ADMINISTRATION ACT OF 1961

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 2182, House bill 12653.

The PRESIDING OFFICER. Is there objection?

There being no objection, the bill (H.R. 12653) to amend the Consolidated Farmers Home Administration Act of 1961 in order to increase the limitation on the amount of loans which may be

insured under subtitle A of such act was considered, ordered to a third reading, was read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report—No. 2220—explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE

The purpose of this bill is to increase from \$150 million annually to \$200 million annually the amount of loans which may be insured under the Consolidated Farmers Home Administration Act of 1961.

NEED FOR THE LEGISLATION

A substantial part of the FHA loan program for farmers is carried out by insuring loans made by private credit agencies which meet the standards and requirements of the Farmers Home Administration, rather than by the direct use of Federal funds. The current authorization for such loans, enacted as part of the Agricultural Act of 1961, limits the amount of insured loans in any fiscal year to \$150 million. The demand for insured loans was so great during the last previous fiscal year that the \$150 million annual insurance authorization was exhausted on May 11, 1962. This bill will permit FHA to meet this demand for agricultural credit at least for the current fiscal year by increasing the authorization for insured loans to \$200 million.

COMMITTEE AMENDMENT

The bill as introduced would have authorized an increase in the amount of insured loans to \$300 million. The Secretary of Agriculture in reporting favorably on the bill recommended that this be reduced to \$200 million and the committee has followed this recommendation.

COST

There will be no appreciable increase in administrative cost as the result of this legislation and, on the contrary, it will permit a substantial increase in FHA loans to farmers with the use of private funds rather than Federal funds.

AMENDMENT OF RURAL ELECTRIFICATION ACT OF 1936

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 2183, House bill 10708.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill (H.R. 10708) to amend section 203 of the Rural Electrification Act of 1936, as amended, with respect to communication service for the transmission of voice, sounds, signals, pictures, writing, or signs of all kinds through the use of electricity, which had been reported from the Committee on Agriculture and Forestry, with an amendment on page 2, line 4, after the word "mean", to strike out "telegraph services or facilities, or community antenna television system services or facilities such service and facilities shall be limited to closed circuit television operations other than those intended" and insert "message telegram service or community antenna television system services or facilities other than those intended exclusively".

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

LEASE AND TRANSFER OF TOBACCO ACREAGE ALLOTMENTS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 2184, House bill 12855.

The PRESIDING OFFICER. Is there objection?

There being no objection, the bill (H.R. 12855) to amend the Agricultural Adjustment Act of 1938 relating to the lease and transfer of tobacco acreage allotments was considered, ordered to a third reading, was read the third time, and passed.

POLE MOUNTAIN DISTRICT

Mr. MANSFIELD. Mr. President, I ask that the Senate now proceed to consider Calendar No. 2185, Senate bill 3370.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill (S. 3370) to authorize the Secretary of Agriculture to relinquish to the State of Wyoming jurisdiction over those lands within the Medicine Bow National Forest known as the Pole Mountain district, which had been reported from the Committee on Agriculture and Forestry, with an amendment on page 1, line 3, after the word "authorized", to strike out "and directed to relinquish to the State of Wyoming all" and insert "to relinquish to the State of Wyoming such measure as he may deem desirable of legislative"; so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the Secretary of Agriculture is authorized to relinquish to the State of Wyoming such measure as he may deem desirable of legislative jurisdiction heretofore acquired by the United States over lands within the Medicine Bow National Forest constituting the area known as the Pole Mountain District, created by Executive Order Numbered 4245, dated June 5, 1925, as amended by public land order numbered 1897, dated July 10, 1959.

(b) Relinquishment of jurisdiction under the authority of this Act may be made by filing with the Governor of the State of Wyoming a notice of such relinquishment, which shall take effect upon acceptance thereof by the State of Wyoming in such manner as the laws of such State may prescribe.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

AMENDMENT OF FOOD AND AGRICULTURE ACT OF 1962

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 2186, Senate bill 3756.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 3756) to amend section 309 of the Food and Agriculture Act of 1962.

Mr. MANSFIELD. Instead, Mr. President, I ask unanimous consent that the Senate proceed to the consideration of House bill 13241, to amend section 309 of the Food and Agriculture Act of 1962. This bill was received only today from the House of Representatives; and, first, I ask that the bill be read twice.

The PRESIDING OFFICER. Without objection, it is so ordered; and the Senate will now proceed to the consideration of House bill 13241, to amend section 309 of the Food and Agriculture Act of 1962.

The bill is open to amendment. If there be no amendment to be proposed, the question is on the third reading of the bill.

The bill (H.R. 13241) was ordered to a third reading, read the third time, and passed.

The PRESIDING OFFICER. Without objection, Senate bill 3756 will be indefinitely postponed.

Mr. MANSFIELD. Those are all the measures on the calendar which I wish to ask the Senate to consider at this time.

CONSERVATION NEWS CITES NATIONAL WILDLIFE FEDERATION'S BASIC PURPOSE OF ESTABLISHING AND MAINTAINING NATIONAL PARKS

Mr. YARBOROUGH. Mr. President—

Mr. HUMPHREY. Mr. President, how much time does the Senator from Texas wish?

Mr. YARBOROUGH. One minute.

Mr. HUMPHREY. I yield 1 minute to the Senator from Texas.

Mr. YARBOROUGH. Mr. President, the Conservation News, a publication of the National Wildlife Federation, recently published a series of excellent articles dealing with the purpose and some of the problems of national parks.

Since this 87th Congress has established a record by legislation authorizing three national seashore recreational areas, opening up vast new areas to permanent public use, this article in the Conservation News will, I am sure, be of interest to my colleagues.

The three national seashore recreational areas established by this Congress are Point Reyes in California, Cape Cod in Massachusetts, and Padre Island, off the Texas Gulf Coast. The most recent of these to be approved was my bill for a national seashore recreational area on 80.5 miles of Padre Island.

Because of the interest in national parks and the concern of this 87th Congress over the need for preserving recreational areas for this and future generations and because of the difference in national parks, national seashore recreational areas, and national military parks, I ask unanimous consent to have printed in the RECORD an article, captioned "National Parks—A National Issue" from the October 1, 1962, edition of Conservation News.



Public Law 87-798
87th Congress, H. R. 12653
October 11, 1962

An Act

76 STAT. 908.

To amend the Consolidated Farmers Home Administration Act of 1961 in order to increase the limitation on the amount of loans which may be insured under subtitle A of such Act.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 308 of the Consolidated Farmers Home Administration Act of 1961 is amended by striking out the figure "\$150,000,000" and inserting in lieu thereof the figure "\$200,000,000".

Real estate
loans.
75 Stat. 308.
7 USC 1928.

Approved October 11, 1962.

